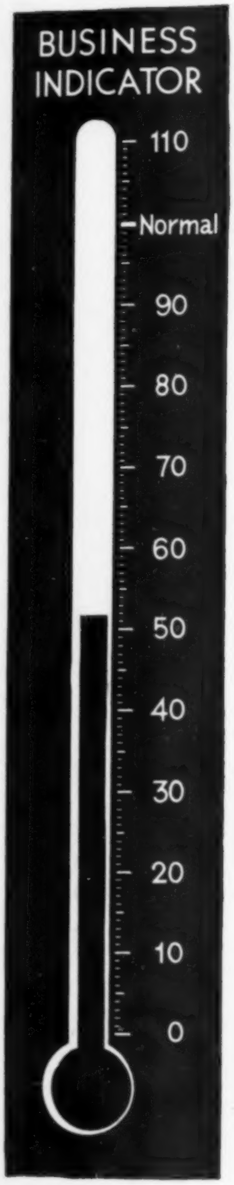
THE BUSINESS WEEK:

NOV 30, 1932



Among the things to be thankful for in the rather drab business picture as winter approaches is the somewhat reassuring stability that has been evident in the banking situation and security markets in recent weeks despite the passing of the more enthusiastic expectations of rapid recovery that prevailed last month and the development of several disturbing international and domestic political uncertainties. . . . Business indicators, except in the field of retail trade, are showing the seasonal contraction which they always experience at this period, even in prosperous years. . . . Building is making a bit better record in November than was apparent earlier in the month, and coal output continues specially active. . . . Stock and bond prices have held their ground surprisingly well in face of the seasonal business decline and the uncertainties of the war-debt discussion. . . . Although commodity prices have been particularly susceptible to the influence of prospective war-debt payments on the foreign exchanges, they also seem to have struck a resistance level around the depression lows of early summer. . . . Bank credit expansion is still delayed, but reserves are being built up to a position of impressive strength by the steady return flow of gold and currency. . . . All these things supply a bit of hopeful giblet sauce for the holiday season in the thought that perhaps a solid basis for business improvement is being laid, even though no miracles are imminent.

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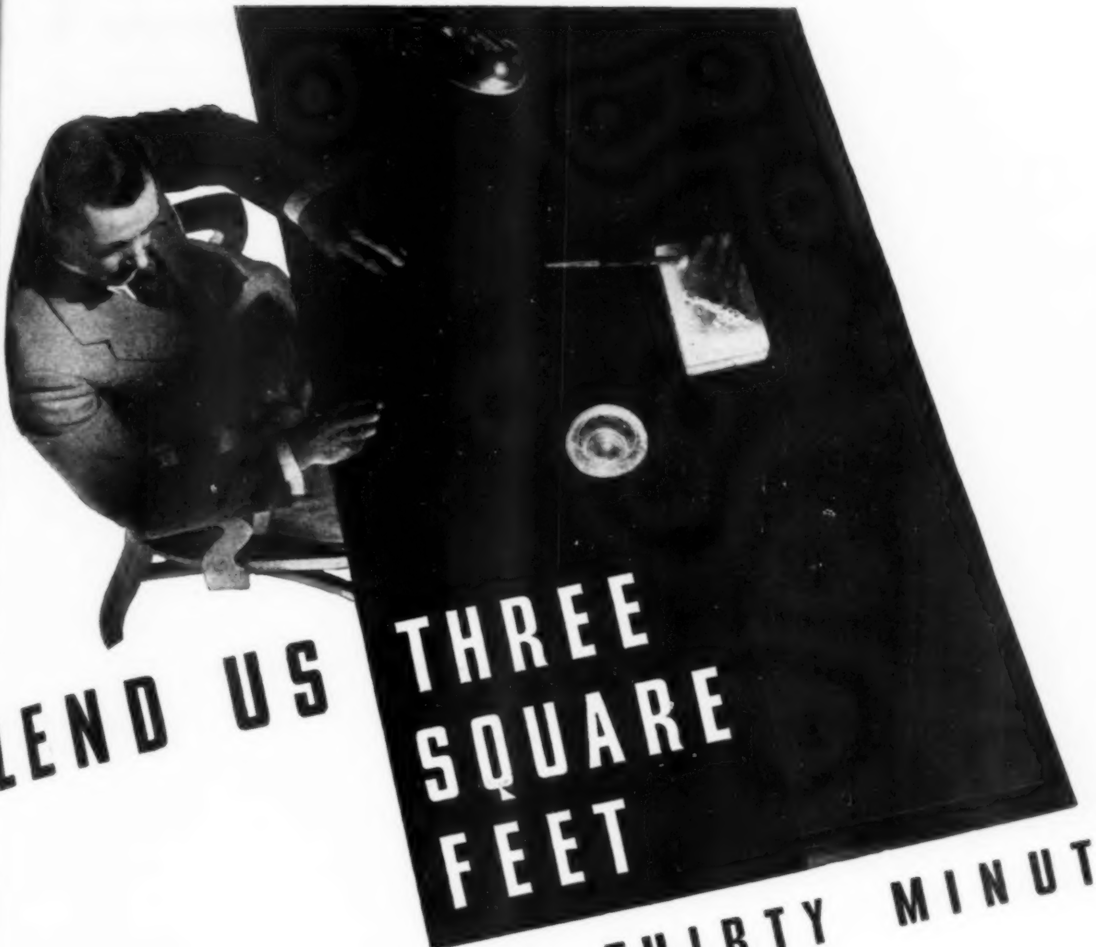

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THE BUSINESS WEEK

NOVEMBER 30, 1932

Congress Stubborn on Debts

Roosevelt, bound by his platform, his obligations to strong supporters, and his knowledge of the voters' sentiment will hardly try to force revision.

WASHINGTON—European pressure and the drama of the Hoover invitation to his successor to discuss the war debt problem have inflated the question somewhat beyond its genuine significance to American business at this late time—war debts have done most of their harm already.

Congress is determined to do nothing about them, to let the debtors default if they will. Apparently argument is not going to change this determination. After the critical due date of the next payment is past must come the long, long process in the next administration of finding a formula that will save face all around. It is to be recognized that the premiers of Britain and France are in as tough a spot as American administrations; their Parliaments are as stubborn as Congress.

Individual Senators and members of the House are convinced that sentiment in their own states is strong against any modification of the present status of paper agreements, whatever may be the realities of the situation.

Roosevelt's situation is plain enough to be read. The Democratic platform declared most specifically against cancellation. The language of the moratorium act went even further, forbidding any negotiations looking toward any compromise. Roosevelt is irritated at Hoover for having "put him on the spot," and for giving out the telegram of invitation before Roosevelt received it.

Roosevelt also recalls the difficulty his old chief, Woodrow Wilson, got into early in his administration when he repudiated a platform pledge with respect to Panama Canal tolls. Many of the enemies made in that fight plagued Wilson to his dying day.

Further, there is Hearst. Roosevelt owes him a great deal. His support may not have been so important in the East, but it was tremendous in California and Washington, and very important in some other states. It was Hearst who directed McAdoo on the long-distance telephone to switch to Roosevelt, so that his service includes the nomination as well as the election. And it is common knowledge that the Roosevelt managers were in a panic in Chicago at the time that was done. Four state delegations were about to desert the Roosevelt column.

Tied Up Tight

So that we have a Congress determined not to do anything to ease the embarrassment of Europe about paying the debts, and we have an incoming President tied hand and foot by his platform, his obligations to strong supporters, and his knowledge of public sentiment on the subject.

For it is public sentiment in most of the country. Territory not reached by New York newspapers. Territory served by Hearst and with closed banks which had bought foreign bonds. And much territory populated heavily by Germans who are not averse to seeing British and French credit hurt.

In the last paragraph of his acceptance of Hoover's invitation, Roosevelt pointed out that the responsibility still lay with the holdover executive and Congress. That revealed his resentment.

International News

LEARNS HIS POWER—Edouard Herriot, sitting here in the national convention of the Radical Socialists held in Toulouse, made sure that his hold on the government was secure, and that he could proceed with a budget program that involves cutting all civil salaries. It is likely, however, he would fall at once if he had the temerity to demand from the Deputies the credits necessary to pay the Dec. 15 instalment due America on the war debts.

Beer Nearer

Revenue aspect and public pressure win more Congressional converts daily, and discussion of details already is in order.

WASHINGTON—Possibility of beer legislation at the short session of Congress is much greater than it seemed as lately as a week ago. The danger of a dry filibuster in the Senate is fading.

The urgent need for revenue and the obvious weight of public sentiment are forcing converts almost daily. Some of them are glad of an excuse to switch. Some are forced by political expediency. More of them are afraid to levy other taxes while neglecting this easy source of revenues. For any Senators or Representatives who talked a beer bill to death would have to face the wrath of voters who would blame them per-

sonally and directly for their bigger tax bills.

The high point of beer taxes was reached in 1918, at $126 millions, raised at $6 a barrel. At $3 a barrel, the rate until Oct. 4, 1917, the collections ran from a low of $48 millions in 1904 on up to $70 millions or so.

Congressmen now are talking about a tax of 5¢ a bottle, or $8.40 a barrel, which they seem to think is about all the traffic will bear. There will be more talk heard later on about the bad features of a high tax. For the first time, the brewers will be confronted with the competition of a going industry that pays no tax—except protection money. Protection money, however, according to the sophisticates in such matters, runs far above $8.40 a barrel, at least in New York, New Jersey, and Pennsylvania.

Consider the Canadians

Wets in Congress insist that while of course legal beer will not eliminate the bootlegger of hard stuff, it will eliminate illegal sales of malt beverages. Bootlegging in Canada, always cited in this controversy, is due to two elements. One is that the price of whiskey is fixed so high by the Canadian tax that bootlegging is still highly profitable. That tax on whiskey is out of all proportion to anything proposed in the United States.

Just as important as the price is the severe limitation on sales, particularly as to hours. The bootlegger is able to do pretty well selling after the stores close.

Beer, however, can be produced so cheaply with large, efficient breweries that no small fry running illicitly can make a profit. No tax of 5¢ a bottle, for example, would permit bootlegging. The big brewery can make good beer at less than half the labor cost of the very small plant. In the old days breweries were eager to sell good beer at $1 a case, delivering it and calling for the empties.

All the ingredients of beer are selling lower today than then. At $1 for the brewer a tax of 5¢ a bottle would make the cost of a case to the purchaser $2.20. The illicit brewer could not possibly compete with that.

Home Brew Meditations

Home brewing will not end abruptly, the wets concede, but will not seriously affect the expected revenue. The breweries will be able to make so much better beer that home brew will only be a hard times expedient.

The manufacture of cereal beverages amounts to 85 million gal. a year; 158 brewers turn it out; 14 more can start up on short notice. James M. Doran, Commissioner of Industrial Alcohol, estimates that, as near-beer is real beer de-alcoholized, the breweries have on tap at all times approximately 25 million gal. of real beer that can be turned loose on the day a beer bill is signed.

Anheuser-Busch, Pabst, Ruppert, and other big brewers are really worried by the popular jubilation that the prospect of beer has kicked up. They fear hundreds of upstart breweries.

They have brought their fears to Commissioner Doran, urging that the legislation which legalizes beer should also regulate the industry. They want a permit system similar to that which governs cereal beverage operations and they'll get it, of course, just as soon as the congressmen who must take charge of this legislation get their feet on the ground. Commissioner Doran's mail is bulging with inquiries from men who want to jump into the business with small capital and less knowledge.

Wide World

ADVISES ROOSEVELT—Raymond Moley, Professor of Public Law at Columbia University, an expert on governmental and social problems, is the President-elect's counsellor on matters economic. This came to light when the war debts conference with President Hoover was scheduled.

Sales Tax Forced to Front

Congress may not like it but it looks like the easiest way to raise the money and replace measures now bringing too many complaints or too little revenue.

Washington—There is no escaping the opening up of the tax question at the session of Congress which convenes Dec. 5. Most productive of all the new taxes is that on gasoline. It expires by limitation before the close of the fiscal year. That alone would make revenue legislation necessary. But there are, of course, better reasons than this. Uncle Sam needs more money than he has provided for so far.

While many of the opponents of the sales tax admit that it cannot be forestalled longer, consideration of the measure is certain to be just as acrimonious as it was at the last session. Organized labor's objections, voiced by the A. F. of L. convention this week, will add to the bitterness. Even if the main fight does not revolve around the issue of whether or not there is to be a sales tax, there is ample opportunity for wide divergence of opinion as to the articles to be exempted. Many of the difficulties which Canada has had with its sales tax arise from the large number of exemptions.

The objective of the proponents of this form of taxation is to keep exemptions at the minimum so that a large amount can be raised with a low rate. Because of the difficulties of administering the tax if there is any indefiniteness about the exemption, it is expected that the backers of a sales tax program will also insist upon exact specification of articles that are not to be taxed. "Necessities of life" is too general a term. Even the word "food" is too broad. There was a recent instance in which the Supreme Court of the United States had to decide whether milk chocolate is a food or candy. In that instance the court held that it is candy.

The tax on checks—also one of the remunerative on the list—has shown objectionable features. Many bankers are not averse to its continuance since it has resulted in the closing out of many unprofitable accounts and cut down the number of checks which they are required to handle. But it has worked hardships upon people with limited means. In many instances they have denied themselves the convenience of bank accounts and serious hazards are involved in keeping cash on hand instead of in the bank.

Workmen are being paid off in cash instead of by check, increasing the danger of loss or payroll thefts. Retailers complain that people let their bills run until they have attained sizable proportions rather than send a small check each month. Large amounts of currency have been forced into the mail

placing temptation before all those who handle mail. There is certain to be strong pressure for the displacement of this tax.

An effort will also be made to remove the tax from domestic and commercial consumers of electricity. A renewal of the effort to levy this tax upon the power companies is expected. This, however, involves the possibility of a tie-up of revenue pending the outcome of inevitable litigation. Regulating commissions would be reluctant to allow rate increases to take care of the tax payment. The power companies would make an issue of the matter. If it can find a substitute Congress is likely to abolish the tax altogether.

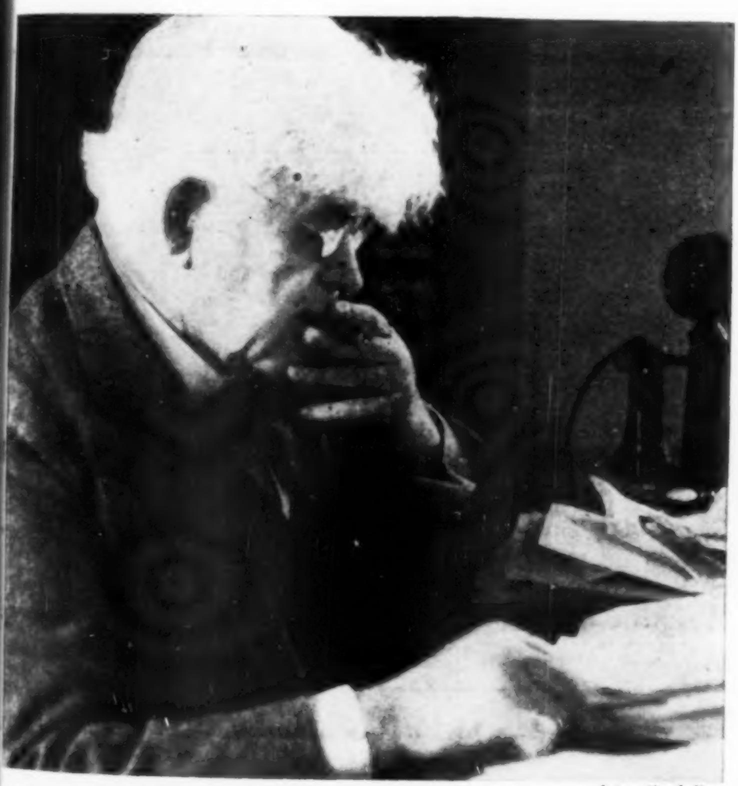
While many believe that revenue gains would follow income tax reductions in the higher brackets, as they did the rate cuts of 1921 and 1924, there is little expectation that any such reductions will be taken at the forthcoming session. Indications are that the income tax rates will not be disturbed.

More Men at Work

For the third successive month, number of employees and total payrolls show some increase, not all seasonal.

IMPROVEMENT where it counts most—in employment and in payroll totals—shows up in the October records as it did in those of September and August. Totting up the reports from 67,988 plants in 17 industrial groups wherein 4½ million men are trying to make a living, the U. S. Bureau of Labor Statistics finds that the rise from September levels amounts to 1.1% in employment, 3.8% in payrolls.

The significance of these gains is best seen in the final vital figures from the 89 manufacturing industries in which October normally brings a slump of about 1% in jobs. This year, manufacturing employment rose 2.4% from September's totals while payrolls went ahead 4.7%. More inpressive, there has now been a boost of 8.5% in the job index, of 10.2% in the wage index since both hit their July lows.



International News

"MIGHT AS WELL"—Representative Henry T. Rainey, who may be the next speaker, came back to Washington from Illinois announcing there would be no beer bill at the short session. But within a few days, he had heard from so many members that he changed his mind. "We might as well pass it this session, and get the needed revenue as soon as possible."

October's employment gains were most pronounced in the beet sugar industry where there was a seasonal bulge, in coal mining where job totals and payrolls swung sharply upward as cold weather advanced. Other industries reporting a better than 10% pick-up in jobs since September figures came in were those making radios, cottonseed products, carpets and rugs, men's furnishings, shirts and collars, cotton small wares, iron and steel forgings, pottery. The retail trade saw a pick-up of 4.2% in employment, of 3.9% in payrolls. Building industries boosted jobs 0.5%, but cut payrolls 2.7%. Chief among the industries showing declines were automobile manufacturing where employment fell off 15.6% but payrolls rose 5.3%, canning and preserving to which the end of the season brought a slump of 35.3% in jobs, and 31% in payrolls, ice cream and, of course, agricultural implements.

Sample State Returns

Reports from individual states are slow to come in. Here are first samples showing wide variations.

Arkansas—In 449 mercantile and industrial establishments October employment was 2.2%, payrolls 4.5% ahead of September totals. Average weekly paycheck, $14.86.

California—Compared with September figures, October employment totals in 1,241 manufacturing plants were off 4.8%, payrolls were down 0.9%, average weekly earnings rose 4.1%. Industries reporting improvement made stone, clay and glass products, furniture and fixtures, petroleum production and refining, chemicals and paints, printing, textiles.

Delaware—Factories reported gains in payrolls and working time but a decline in employment. October employment index was 5% lower than a year ago, payroll index was 21% lower.

Illinois Reports Gains

Illinois—October brought to 1,451 industrial establishments a 1.2% rise in employment while payrolls picked up 1.3%. Manufacturing industries alone showed less change; working forces decreased 0.2%, wages pulled up 0.8% from September levels. Total of man-hours worked increased—2.9% for all industries, 1.8% in the manufacturing group. Statisticians noted that October was the third successive month of by-and-large improvement. The 7-year average of October gains over September (prior to 1929) is 0.7% in employment, 3.1% in payrolls. The former was beaten this year, the latter wasn't. Best group showing was made in wood products, chemicals, oils and paints, printing, textiles, coal, building.

Maryland—Made its third successive monthly gain in October with 417 manufacturing plants pushing up employment 3%, payrolls 4.3% from September

totals. Not since 1928, only once since 1925, has October thus looked better than September.

New York—Against a normal seasonal increase of less than 1%, factory employment in October stood 2.8% above September levels. (In New York City the rise was 3.3%.) Payrolls in 1,600 state factories increased 3%. Encouraging employment gains were made in the metal, clothing and millinery, and textile groups but were largely seasonal. Food industries were depressed with the end of the canning season. Construction was off with payrolls and man-hours decreasing at a greater rate than employment.

Iowa—Employment totals rose (1.2%) for the third successive month. Included in the pick-up were the food, textile, iron and steel, lumber, leather, and paper products, and patent medicine industries with wholesaling also doing better.

Detroit Payrolls Up

Michigan—Industrial payrolls are reported up 10% from September's showing with the average weekly wage increased from $14.52 to $17.81, but employment continued to decline.

Ohio—For 5 years October has on the average let employment down 2% from September levels. This year it raised the total 2%. All manufacturing groups did better except chemicals, vehicles and the miscellaneous manufacturing group. Cleveland's Chamber of Commerce figured its October job index based on 100 representative firms at 65.2 against 65.1 in September.

Pennsylvania—In 804 sample plants with 230,000 employees, workers found 3% more jobs than in September, got 8% more wages. This makes a rise above the July low amounting to 8% in employment, 19% in payrolls—"considerably larger than the usual seasonal increase." In 570 factories October added 9% to the total of hours worked. Largest increases were in textile, stone, clay and glass, metal products industries. The spread between this year's and last year's job and wage index numbers has been narrowing since July.

Labor Sticks to Its Guns

About all of this the American Federation is not too elated. It finds that the reported percentage gains—the more impressive because they are calculated on such a small base of employment—leave 24% of the union members still out of jobs against 25.4% in July. It notes sadly that many of those who have found jobs since July are on part-time, that the proportion of membership on part-time schedules rose from 21% in July to 22% in October. Convinced that "these gains are almost entirely seasonal" and will be lost in the November lay-offs, it sticks to its estimate that "at least 13 millions will be out of work in January, 1933."

Labor Insurance

In its long-awaited plan for unemployment compensation, the A. F. of L. seeks to protect the unions as well as the jobless.

Organized labor, as represented by the American Federation of Labor in convention assembled at Cincinnati, made this week its anticipated surrender to what it used to call "the dole." The historical importance of this withdrawal of its long official opposition to unemployment insurance depends on how well the unions maintain their importance in the American labor picture. Their concern about this is easily evident in the report in which the A. F. of L. executive council outlined the kind of insurance legislation it will ask the states to pass. (Federal action is "out." There might be constitutional difficulties. Also state law-makers should be easier to handle.)

Opposition to such legislation, kept up in the face of much pressure from labor interests both inside and outside the Federation, was founded on the fear that it would weaken union organization besides confusing the clear-cut issue of higher wages. That fear is reflected in the convention's demand that nothing in an unemployment compensation act shall prevent a beneficiary from refusing to accept a vacancy due to a trade dispute, or a job that offers wages or working conditions less favorable than those prevailing for similar work in the same vicinity, or employment that requires him to break union ties.

Moreover, the A. F. of L. has come out firmly against company-controlled unemployment reserves. It is deadly afraid of any scheme that may turn out to be "but another 'company union' device." All reserve funds should be held, invested and administered by the state. A single pool of all contributions seems to be preferred to separate accounts for separate employers (the Wisconsin plan). However, labor is not ready to take "an irrevocable" stand on this last point. But it is quite sure that it doesn't want insurance companies in the picture.

If the Federation plan is adopted by

International News

BACK TO THE MILLS—Steel workers in tin plate rolling mills of the Carnegie works at Farrell, Pa., are on the job again. Employment generally showed a slight increase in October. The tin plate department of the steel industry is especially encouraged, since it is running at 47% of capacity.

the states all its fears will be turned into hopes. In a paragraph stressing the necessity of labor representation in administration of insurance funds it observes disingenuously: "It should be recognized that workingmen can have representation only through labor organizations. Unless labor can, in effect, through its organizations, select its own representatives, pretended representation is but a farce." If labor representation is to be confined to union men, there will, of course, be no question about the unions' continued importance.

Up to Employers

For the rest, the Federation comes out as expected against any contributions to unemployment insurance funds by the workers: unemployment, "part of the inescapable cost of industry" should be paid, "like the other costs of industry, by industry itself." At the start and until data can be shown to justify a different rate—or rates differing among industries—an employer's contribution of 3% of total payroll is recommended. This is 1% higher than called for by the Wisconsin law or by the Interstate Commission on Unemployment Insurance which set up a proposed program for 6 Eastern industrial states last winter (*BW—Feb24'32*). Perhaps, later on, it may be possible to devise a merit-rating system of contributions lightening the load on the more stable industries.

Amount and term of benefit payments are left to the conditions in each state but the Federation report cites approvingly the Ohio bill (*BW—Nov23'32*) providing for benefits equivalent to 50% of normal weekly wages but not to exceed $15 a week for 16 weeks in a year (following a "waiting period" of 3 weeks). Meanwhile, voluntary unemployment schemes should be under state supervision.

What Labor Wants

While the report on unemployment insurance somewhat overshadowed other proceedings, observers noted with interest that the Cincinnati convention found a shorter week at higher wages essential to the restoration of employment and buying power; that it wanted a system of state employment services under Federal supervision; that it believed in steeply graduated income and inheritance taxes; that labor has a clear-cut, well-integrated economic philosophy and far fewer doubts as to what it wants than some of its employers.

From its first premise that unemployment is a cost of industry chargeable to the employer to its final device to strengthen union control over labor, the A. F. of L. unemployment insurance program will be challenged by many interests. But it will not be disputed that the Federation has done a good job and made a notable contribution to the discussion of this problem which it approached so dubiously. For one thing it will undoubtedly strengthen itself with its own cohorts. In the year ended Aug. 31 Federation membership dropped 357,289 from 2,889,550 to 2,532,261. This drop is due to a variety of causes and broadly attributable to the depression. But it has not been altogether unconnected with the rebellion in the ranks against the position which Federation leaders have now given up. This was evident when the executive council forecast its surrender during the Atlantic City meeting last summer. It is no time to weaken union loyalties—particularly if you can surrender as safely as the Federation leaders apparently hope to.

Chrysler Tools Up

Back of the spectacular new Plymouth is an equally spectacular modernization program which solves the problem of changing demand with more flexible production and lower costs.

In the old and wonderful days of the industry which made "mass production" a headline phrase, there was but one thing to be considered—quantity. The more automobiles were made, the less they cost; the less they cost, the more they sold.

When the sales curve stopped its upward rush, motor makers suddenly realized there was more to manufacturing than production. There was also consumption. And consumption at last was showing the effects of dwindling purchasing power and cars that stayed on the road long past their statistical retirement.

The industry met the situation with characteristic courage and boldness. If people were reluctant to buy current models, show them new ones. The engineers and designers applied the traditional formula, "bigger and better cars." The brass hats figured, watched falling material costs, and added, "at a lower price."

Then, too, the industry was conscious of its importance. It believed that bargains would boost sales, sales would boost production, and increased production would restore buying, perhaps lead the way out of the depression.

Red Ink Production

The depression, however, proved bigger than the biggest industry. Company reports began to show the effects of prices based on a volume never attained. Red ink put red lights on the production line; factories went through the summer geared direct to sales, starting and stopping with orders.

Then the great question arose, "What next?" Last year, the industry as a whole put out new models which were basically the same as the old ones. The sales theme was, "All you got last time, plus these new features, at less than last year's prices."

This year demanded a change. Obviously the present profitless cars would not do. Would the industry strip the cars of gadgets and sales points to maintain prices, or raise them to profitable levels? There seemed to be no other choice.

Chrysler's new program points to another way out. The new Plymouth is radical in design; equally spectacular is the greatest retooling Detroit has yet heard about, a complete change of production facilities to make possible a Plymouth at a profit. And equally important, is a complete change of production philosophy which takes consumption into account.

Millions for Flexibility

The Plymouth plant is only 5 years old; it was built to be one of the most modern in Detroit; it has been constantly improved. Nevertheless, Chrysler considered it economical to spend millions to gain flexibility.

Every operation was examined in detail to save every possible penny. First, factory layout was improved, consolidated to produce the greatest number of cars in the smallest space, eliminating handling. Some operations are even performed in otherwise waste time, in moving from one conveyor line to another.

Material delivery is scheduled closely to avoid carrying a bank, and supplies go by conveyor directly to where they are used. The old departmental set-up is out; instead of putting the job through the works, the work is brought to the job. A small press next to a large body press punches certain holes on the spot; empty parts cartons are baled where the parts are used to save trucking.

Even the regulation conveyor line has been improved, coordinated so that the right parts come in at the right time and place with the minimum of handling. Fenders, splashers, radiator shell, headlamps, hood, grille, wheels, tire carrier and cover, beavertail, all carry color. Control is so close that even the most complicated combinations — and the choice of color is wider than on any production car—come to the body assembler exactly when wanted. Costs are actually

lower than in the old style, any-black-color mass production.

Welding is used extensively; new machines have been devised to eliminate the human element, secure uniformity. These machines themselves were built up by welding angles, channels, bars, plate and tubing, saving months by the usual method. In most of them, there isn't a single casting.

Cylinder blocks are cast double, something never done before. Great new milling machines cut costs as well as steel. A huge rotary multiple drill press bores and reams the oil pump shaft hole and distributor hole; drills, counterbores, and taps some 130 holes at the same time. Another single machine replaces 16 older machines.

Everything possible is done to make the flow of work smooth. Older plants used hard and fast production layouts, machines mounted permanently on concrete bases. Plymouth can change an entire set-up immediately. Wiring is in square ducts; a machine can be moved and in 15 minutes be put into operation.

Plymouth's big shift is outstanding. There have been many changes in other manufacturing programs this year; other companies, too, are setting out to do the impossible, chisel costs to make a price that fits today's pocketbooks, create a set-up which permits the quick changes demanded by modern marketing.

The industry has learned that consumption capacity is now more important than plant capacity, that profits will have to be made at lower levels of production.

Cash Buying Comes Back

Retail survey shows that fewer say, "Charge it," but instalment sales have shrunk less than open accounts.

CASH buying, which with other stern realities returned to popularity after the boom, continues to increase. Extent of the rise is measured by the last Retail Credit Survey of the Bureau of Foreign and Domestic Commerce. Reports for January–June, 1932, register declines in proportions of sales on open charge accounts and instalment. Factors probably influencing the trend are the conviction that greater values are to be had for cash, and a tightening in the requirements for the usual forms of credit.

Compared with the corresponding period of 1931, cash sales rose from 45.3% of the total to 47.5%. Open credit (regular charge accounts) slipped from 45% to 43.4% of all sales; for instalment sales the decrease was slight, from 9.7% to 9.1%.

The survey breaks down reports from 405 retail establishments which include department stores, furniture, jewelry, men's clothing, shoe, women's specialty, electrical appliances. Returns include 25 important cities all over the country.

While most cities showed cash sales increases, there were interesting exceptions. For Dallas, Fort Worth and Minneapolis the ratio remained unchanged during the year. Galveston and Louisville reported cash sales declines.

By dividing outstanding balances at the first of a month into collections made during that month, the bureau arrives at collection percentages. Open account stores experienced increased difficulty in getting their money. Collection percentages on open accounts for reporting retailers declined from 40.1% for the 1931 period to 37.5% for this year. Instalment payments also fell off; collection percentage was 15.4% in 1931, and 14.1% for 1932. In both instances longer time elapsed between sales and payment.

The strength of department stores is revealed in the fact that this type showed the smallest net sales decreases. Of all cities, Washington's department store sales held up best when compared to 1931. This probably is due to the fact that the capital lives on expenditures by government employees.

"Motorized" Textiles

One of the oldest industries turns for a leader to one of the youngest.

TEXTILE men have watched the young and lusty automobile industry with admiring and sometimes envious eyes. They are used to having speakers at their conventions tell them they need some of the aggressiveness, designing skill, market analysis, and general pep of the automobile men.

Which may explain why Howard E. Coffin has just been chosen to head General Textiles, Inc., and certainly justifies the prediction that whatever he does will be closely watched.

General Textiles, Inc., is successor to Hunter Manufacturing & Commission Co. which got into difficulties. The new corporation will be owned by the mills whose product it will sell.

As president of the Society of Automotive Engineers, Mr. Coffin suggested and worked out the famous cross-licensing agreement of the industry. He was for 20 years vice-president and consulting engineer of Hudson Motor Car Co. He has held eminent public posts.

Meterice

The quarter-in-the-slot idea for selling refrigerators has proved too good for Frigidaire to miss.

EIGHTEEN months ago, the Platt stores of the Pacific Coast agreed to try out a new gadget—an electric clock which would run for 24 hours if a quarter was dropped in a slot. Unless fed its 2-bit piece, the clock stopped, and cut off the current. The idea, of course, was to attach the clock to electric refrigerators. For 25¢ a day, the housewife could buy a $200 machine.

At the end of 90 days, the plan was such a success that Robert B. Rose—general manager of Platt's—decided he wanted in. He became president of Meterice of America, Ltd., and Hugh R. Smith, inventor, became chairman of the board. Rose started out to sell the idea to the department stores of the country. Most of them knew him; he was merchandise manager of Macy's for 12 years. It went over in great shape.

All this time, the larger refrigerator manufacturers would have none of it. They looked down their noses at the whole idea. Too much emphasis on terms, too much credit risk, and so on. But it continued to sell refrigerators, and its success attracted into the market a group of similar devices. Department stores found no other plan would sell so many refrigerators so quickly.

The dramatic climax to the success story arrived last week, with the formal announcement that Frigidaire Corp., refrigerator subsidiary of General Motors, has purchased the assets of Meterice of America, Ltd. with the official statement that it "is one of the best sales promotional arrangements on the market and has made possible the sale of more refrigerators than any other plan."

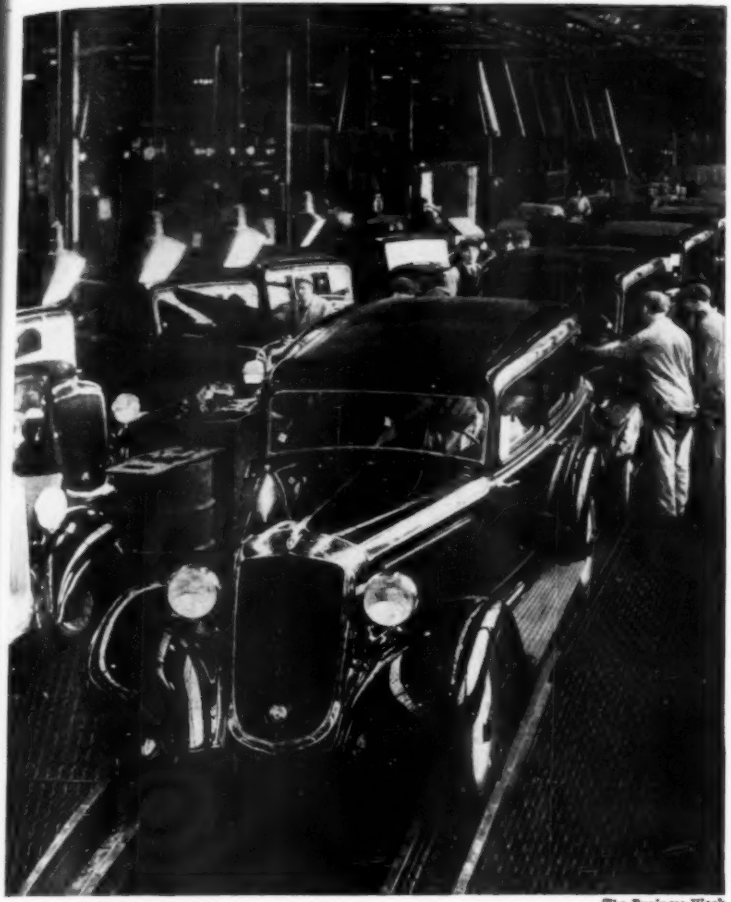
Parlor Sunlight

"Get your sunshine with your contract" proves popular sales point.

SUN lamps are going better since they have been moved from the bath room and the bed room into the living room.

At the outset, taking a treatment under artificial sunlight meant goggles, time set aside, a general process of deliberation and special effort. Astute sales strategists reasoned that if the process could be made casual and effortless, it would become more popular.

Hence the new bridge lamps and reading lamps, good-looking, safe, and the sales talk, "Take your sun lamp treatment while you play bridge or read a book—just substitute the special lamp for the ordinary one."



The Business Week

ROLLING OFF—A new Plymouth at the sales end of the production line. Chrysler's change from a 4 to a 6 is more than a matter of cylinders—it's a complete rearrangement to make profits possible at present production levels.

A&P From A to Z

In its "combination" stores carrying more lines and better ones, the big chain has been capitalizing the opportunity to trade up and rent down.

THE door of the Cadillac opened, the lady in the mink coat stepped down, and entered the A&P grocery. Nobody turned to look. Ten years ago such a visitation would have been news. Now the Great Atlantic & Pacific Tea Company is trading up. From obscure but efficient hole-in-wall groceries, the great-granddaddy of all food chains turns to prominently-located, handsomely-fixtured general food markets.

Here intelligent management has capitalized the depression to hasten application of an established policy. Food retailers saw that downtown traffic congestion was a blow to the old public market. Women wanted to buy in their neighborhoods. Given identical price, quality, variety they would prefer to shop under one roof. If quality and lines could be maintained with lowered prices a tremendous advantage would result. About 6 years ago the A&P began pointing in this direction.

Came the re- (or mal-) adjustment. At the same time, retail rentals—on new leases—began a nose-dive. A. & P. tacticians seized the opportunity. Large "combination" stores carrying meat, fruit, fresh vegetables, bakery and delicatessen goods, in addition to the traditional staples, already were being opened. The depression period greatly accelerated this movement. Two or more small stores paying high rents were closed in favor of a larger combination store, carrying more lines, serving the same neighborhood, but on a lower comparative lease. A better class of women was patronizing the A&P because of price attraction, so the new, large units were made more attractive and spotted in good shopping districts. The social rise was accomplished without sacrifice of the old principle of low prices and cash sales.

Figures dramatically illustrate the extent of this shift. In 1925, A&P had no combination store. By 1929 it had 3,000. In that year proportion of combinations to small groceries in the chain was about 1 in 5. Out of a present total of 15,700, there are some 4,500 large combination food markets, a ratio of 1 to 3½.

Meats Up, Rents Down

Quietly, during a period of low leases, the A&P has been consolidating and adding until its total stores stand at an all-time high. Last year there was a net increase of 319 units—but during that year over 500 new combination stores were opened. The trend to larger stores is measured by the jump in quantities of perishables sold. Generally meat consumption is falling. But last year saw an increase of $125 millions for A&P meat sales. The increase for fresh fruits and vegetables was estimated at 29,000 carloads over 1930's total of 81,500. In 1929 it was 64,000 carloads.

Buying and selling temperamental fresh commodities present intricate difficulties as compared with so sober a character as canned tomatoes. Prices change every day—and so does the condition of the stock. That the A&P has licked these problems is proved by earnings. Since 1929, annual sales have been over a billion dollars. Net profits have held up—cabbages and sirloins contributing. For 1929, profit was $26,220,000; for 1931, $29,792,000. (The 1930 net was slightly higher.)

The turn to perishables puts an increasing responsibility on the Atlantic Commission Co., A&P subsidiary whose job it is to buy and distribute them. Wherever possible, middlemen are short-circuited by field buyers who drive straight for the producer. More than 50% of all supplies travel in a straight line from the farm of origin to A&P shelves. Not only does this keep costs at the minimum but it insures quality maintenance, eliminates handling, delays in transit.

Trend Is General

The Kroger chain was ahead of its colossal competitor in emphasizing combination stores. Its ratio still is higher even if its angle of increase has not been so steep. In 1925 Kroger had 1,279 combination stores. By 1930 its combinations had risen to 2,990 out of a total of 5,165 units. Last year showed slight declines in both categories—combinations numbered 2,869 in the 4,884 total. Government census figures prove that the increase in proportion of combination stores was typical of the entire grocery field. Percentage of combinations to total was 9.5 in 1925, and 28.2 in 1929. At the moment the ratio undoubtedly is higher.

R. C. A. Consents

Decree profoundly alters status of the giant of the radio industry, and leaves its future a little hard to read. It enters a new field, faces new competition.

Radio Corporation of America was, on Saturday of last week, the giant of the industry, upon whose sufferance all others lived. It became something else on Monday—a giant still, but obviously shorn of his power of life and death, and one whose future was not so easy to read.

Prosecuted under the anti-trust statutes, R.C.A. signed a consent decree. It expressly stipulated as a basis for signing that it was not guilty of violations. The government, however, carried every point the prosecution sought to establish. It was, incidentally, one of the most important anti-trust cases ever instituted, taking rank in value of assets involved with the famous Standard Oil dissolution and the packers' decree.

No More Exclusive Licenses

Boiled down, the consent decree abolishes the exclusive license in the radio industry and allied fields. Henceforth, any applicant must be licensed on standard terms.

This means not merely the little fellows, but the big ones. General Electric and Westinghouse, after 2½ years, can go back into the business of manufacturing radio sets in competition with R.C.A.—and they probably will. R.C.A., on the other hand, is free to go into the allied fields from which heretofore it has been barred, most important of which is the swift-growing development of industrial applications of the electronic tube, which some students forecast will become bigger than entertainment or communication radio ever can become.

One reason why Mr. Young and Mr. Sarnoff probably are unable a few days after signing the decree to predict accurately the future of R.C.A. is that the corporation faces in the future not merely the competition of General Electric and Westinghouse and all the independents, but also the very-much-not-to-be-forgotten American Telephone & Telegraph Co.

A.T.&T. Pulls Out

A.T.&T. is super-sensitive about government prosecution; will go to any length to avoid remotest association with anything that may be taken amiss in Washington. It is common talk that A.T.&T. did not like the way R.C.A. was going, and some time ago announced it was pulling out. It disposed of its stock and went away from that place.

A.T.&T. now is something more than cool toward R.C.A. and its old associates in that group; close observers sense an atmosphere which a little imagination might easily call hostile.

It is definitely stipulated that G.E. and Westinghouse cannot go into the radio manufacturing business for 2½ years to come, but there is nothing said about strings tied to A.T.&T. It is probably only the older radio "bugs" who remember it, but Western Electric was one of the first and best of radio manufacturers. Western Electric isn't too busy making telephones just now. It might find a lot of things to do in both the radio and the electronic tube field.

Opposing Statements

Hereafter, R.C.A. must license any applicant. But one cardinal point with respect to licenses is not perfectly clear. At least there are directly opposing statements. R.C.A. definitely announces it will continue until 1955 to be the sole agent granting licenses in the radio field. A statement issued by the independents asserts that henceforth they will be able to secure licenses either from R.C.A., or from General Electric, Westinghouse, and A.T.&T. direct, and that they count on this competition to keep terms moderate.

But if, after 2½ years, its former owners may become competitors in the radio field, it is also true that Radio Corp. gets new powers. David Sarnoff lays heavy stress on the provision that R.C.A. now receives patent rights "in fields other than radio where it formerly had no such rights," on payment of 5% royalty.

Translated, this seems to mean that R.C.A. plans to compete with its former associates in the infant industry of the electronic tube. R.C.A. also is permitted hereafter to manufacture transmitting apparatus and tubes, which formerly it was obligated to buy from G.E. and Westinghouse.

Stock to Be Distributed

The decree calls for General Electric and Westinghouse corporations to dispose of their stock in R.C.A. They will distribute it pro rata to their own stockholders.

Of the personalities involved, it is conjectured that Owen D. Young is the least happy. Radio Corporation of America is in a fairly real sense his child; he has been proud of it, has looked upon it as the greatest, potentially, of American corporations. Now, within 5 months, he must sever all connection, resign as chairman, and even

Acme

"EUROPE IS MORE HOPEFUL"—J. P. Morgan, arriving on the Europa, startled reporters by having even that much to say. He added, "There must be some justification," and not a word more. Equally startling, a news photographer caught him unawares. He is among the least photographed of all our notables.

give up his directorate. A. W. Robertson of Westinghouse also is given 5 months to resign. Other G.E. and Westinghouse directors resign at once.

Created in 1919 to carry on the business of radio communications, R.C.A. became the patent pool for General Electric, Westinghouse, American Telephone & Telegraph. It was impossible to engage in broadcasting, or in the manufacture of radio sets or apparatus, without license from the corporation. R.C.A. began to impose royalties in 1927, and from that time forth, there was loud complaint as to the terms it exacted and the conditions it imposed.

A group of independent radio manufacturers organized and started fight. As they themselves said, they had no money with which to match the legal staff of R.C.A., so they went to Congress. It was pressure from Congress, they believe, which prodded the Attorney General to start suit. Clamor from the independents, suits by De Forest and Grigsby-Grunow kept the issue before the public (and the government). R.C.A. made various concessions in the direction of less onerous restrictions and smaller charges, but the licensees kept pressing for a complete victory.

One grievance of the licensees was R.C.A.'s demand that every set maker must use R.C.A. tubes exclusively. Another was the collection of royalties on gross receipts. This amounted, obviously, to paying royalties on expensive but unpatented and unpatentable cabinets. R.C.A. retreated from both these positions; levied reduced royalties on the net manufacturer's sales price of the electrical apparatus.

An early restriction that was irksome was a demand for a minimum royalty of $100,000 annually. Since royalties were at that time 7½% of gross receipts, this meant that manufacturers doing less than $1,350,000 business were fenced out. Royalties now are 5% of net selling price of the electrical apparatus, and there is no stipulation as to minimum annual royalty.

Chain Stores Voted Down

The epidemic of city chain tax ordinances took a bad turn when Portland (Ore.) voters upheld theirs in a referendum. Chain organizations must make fresh efforts to inoculate popular opinion against it.

CHAIN store companies won't know whether they won or lost the election until legislators voted into office this month meet—for the most part in early 1933—to take action on the chain store tax bills due to come up in many a state and city. But they have ample cause for foreboding since they lost the only popular vote in which their business was a direct issue.

Went on the Ballot

Last year the City Council of Portland, Ore., enacted a retail store tax which, with malice aforethought, discriminated against the chains. As finally amended, it imposed on store owners an annual license fee per store graduated according to the number of outlets that each owned: $6 for 1; $10 for 2 to 5; $15 for 6 to 15; $20 for 11 to 20; $50 for over 20. Chain store operators in Portland remembered that Oregon laws specify that such ordinances can be brought up for popular referendum if 25,000 protestants demand it, found 25,000 willing to sign a petition and threw the whole issue in the 1932 general election. Then, when the votes were all in, they found they had lost by the narrow margin of 53,871 for the ordinance to 51,782 in favor of repeal.

The deeper trouble with this is that it encourages the others. It will be cited as popular support for chain taxing by municipal legislators who do not have to submit their ordinances to the vote of the "peepul" and may now be less inclined to credit chain store protests that popular sentiment is against this method of raising revenue or "protecting the independents.

Chain store men have every excuse for being upset, for their municipal tax situation is fast becoming clouded. Since about 1925—particularly since 1929 when revenue shortages began to give anti-chain leaders new allies in their efforts to "soak the chains"—the fighting has been hard enough on the state fronts. Now they find themselves embattled at city hall.

The new era was ushered in at Palatka, Fla., and Portland, Ore., last year. This year the big map at the headquarters of the National Chain Store Association in New York is heavily plastered with ominous little silver stars denoting cities that have chain store taxes in operation or under consideration. Members are paying license fees in Portland, St. Louis, and Knoxville, Tenn. Unless their lawyers save them they will soon be paying such fees in Durham and Charlotte, N. C., in Maplewood, Mo., and Hamtranck, Mich., where chain tax ordinances are now in litigation.

They face similar impoverishment of their treasuries in Palm Beach, Orlando, and Jacksonville, Fla., Cleveland, Youngstown, and Columbus, O., Rahway, N. J., Pittsburgh, Los Angeles, and Milwaukee, in all of which chain tax ordinances have been introduced. They are threatened in Binghamton, Rochester, and Syracuse, N. Y., and Newark, N. J., where the possibilities of such ordinances are being studied by the city fathers.

23 Fighting Fronts

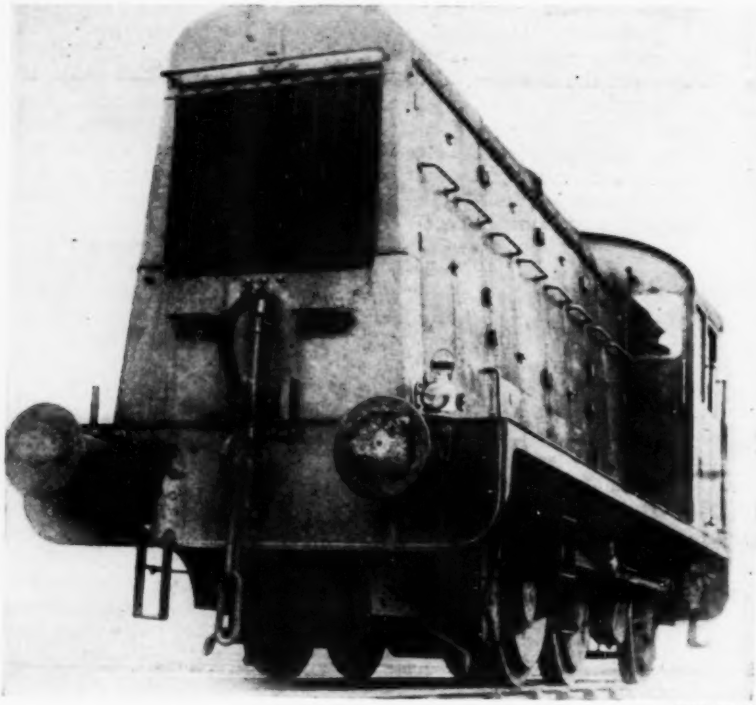
They have beaten the enemy only in Palatka, where independents fought with them for repeal of the tax (because it was a flat 2% on gross sales of all stores), and in Red Bank, N. J., which enacted a license requirement ($50 per store on all groups above 6) and then changed its mind. And this list of 23 little fighting fronts is pretty sure to be extended in the months to come as more cities grow hungry for tax and more independents point to the chain stores.

As in the states since 1929 two motives account for the assault on the chains. From the beginning there have been independent store-owners on the warpath, some led by agitators on the make. Only this kind of opposition can account for an ordinance like that of Hamtramck, Mich. (pop., 87,000), which slaps a $1,000 license fee on every store over 3 in a chain. Behind such proposals lie deep and familiar economic issues and the end thereof is the exclusion of the chain operator and all his works. But since the crash legislators have also been concerned about the dearth of collectible revenues and the chains have looked like promising providers. In many instances, of course, the lawmakers have been tempted by the possibility of killing 2 birds with one stone. These motives are going to be found perplexingly intermingled in legislative raids on the chains during the coming sessions.

Chains' Darkest Day

In all this fighting the darkest day for the chains was that day on which the U. S. Supreme Court, reversing a lower federal tribunal, declared constitutional the Indiana chain store tax law which called for a license fee of $25 for every store over 20 in a single chain within the Hoosier state (*BW—Jan6'32*). Approval of this law—which was fathered by Curtis Bennett of Dillsboro, Ind., a traveling salesman for a Cincinnati coffee house selling to independent grocers—gave anti-chain interests the precedent they had long awaited. They were quick to follow up their advantage in other states and to carry the fight into cities that were legally able to enact their own chain tax laws.

Since the issue finally rests with popular opinion, the chains, which trace their ancestry to On Lo Kass, Chinese store-spawner of the second century B. C., and claim kinship with the Fug-



Wide World

WORKS FOR 16 TO 18 CENTS AN HOUR—Startling claims are made for this new British switching locomotive. Powered with a 250 h.p. Diesel motor, it has hauled loads up to 815 tons, and in a 3-month, 24-hour-a-day test, fuel costs have stayed within the figure mentioned.

gers, whose agencies dotted Europe in the fifteenth century A.D., are not happy about this new precedent recorded in the popular vote at Portland. One certain result is that they will be stirred to new efforts to tell their story to the public. No matter how good an alibi local misrepresentation may give them, they can't afford to lose such elections.

Toys

Little girls who play with electric ranges may want one when they grow up.

MANUFACTURERS of electrical household appliances are turning out toy models. Standard Electric Stove Co. of Toledo offers an electric stove just half the size of its regular model. It plugs into any socket, is entirely practical. Apex has turned out a toy vacuum cleaner, again entirely practical, retailing at $2.99. Apex Rotarex also has had some success with a toy refrigerator, which, however, is "just play"; it does not refrigerate.

There is more to this than catching a few dollars in a dull year. The larger idea is to familiarize the little girls who some day will be housewives with the advantages of electrical equipment. The child who has played with an electric range is apt to feel when she grows up that anything else is old-fashioned.

Feather Clothes

Duck down spun with wool makes dresses and even neckties.

ADD to the list of novelty textiles, woolen or worsted yarn containing feathers. One estimate has it woven or knitted goods to the value of $1 million have been made from this yarn this year.

Knitted or woven materials show a light-colored fuzz against a darker background. They feel very soft. Suitings, dress goods, coatings, millinery products, even neckties have been made thus.

Ostrich feathers were used at first, but at $15 a pound they lost out quickly to duck down which is only $3.50 to $4 a pound.

Lastex

Research broadens the market for rubber and lifts elastic fabric into style merchandise.

ELASTIC webbing always has been a coarse, clumsy stuff. Unattractive appearance and unpleasant texture have restricted its uses.

Eighteen months ago, U. S. Rubber Co. displayed Lastex at a textile show. It is the first truly lightweight elastic textile. In a year and a half, it has gained wide acceptance; the vogue seems to be accelerating, with a new application seen in the market every week. Within the past 2 weeks, for example, Jantzen announced next season's line of swimming suits would use Lastex to give two-way stretch, and a leading textile manufacturer displayed a lightweight crepe goods woven from Lastex. Rumors, moreover, are that Paris designers are working on designs which will use the goods. They expect to get certain novel effects that could not be had without elasticity, and even more practical, believe judicious incorporation of elastic materials may cut down the number of necessary alterations, always an expensive problem in women's wear.

A Real Rubber Thread

Lastex is a product of the research laboratory. U. S. Rubber Co. devised a process of extruding latex through a round orifice, somewhat as rayon is extruded. The result is a rubber thread. Previous methods involved cutting sheet rubber, so that square and comparatively coarse threads were produced. This fine rubber thread is twisted with cotton or rayon to make a yarn which is as fine, say, as an ordinary basting thread. The yarn can be knitted or woven.

The greatest problem the manufacturer had to solve was spinning. First experiments attempted to use the machines that wrap cotton insulation around electrical wire. They wouldn't do. Special machines were designed.

First applications were the obvious substitutions for older types of webbing—as in women's girdles and corsets. Underwear, both men's and women's, came next.

Curtains

Housewives don't make them nowadays; they buy them even in a depression year.

SEARS, ROEBUCK attached to a sheet in a recent catalogue a little swatch of the actual material used in curtains selling at $1 a pair. It took 30,000 yards of material to supply the samples.

Powdrell & Alexander make 1,200,000 yards of fabric into curtains each week.

These are related facts; the point is that women in the past few years have decided it is cheaper and better to buy curtains ready-made. Depression or not, Powdrell & Alexander are running full time, with full payroll of 1,806 persons in the main plants at Danielson, Conn. There are 7 smaller plants scattered from coast to coast, to give quick delivery on small orders.

Growth has been dramatic; 1,000 pairs of curtains a day in 1919; 40,000 in 1932.

Farm Mortgages

The farm debt problem will be sitting on the doorstep of Congress alongside the war debts when the short session begins, and will be just as hard to settle equitably.

RECENT discussion of the war-debt issue has served to stimulate agitation for action to lift farm debt burdens. While farmers are mobilizing for another march on Washington next week, demanding, among other things, a moratorium on farm mortgage foreclosures, the Farmers' Union and the National Grange, most radical and most conservative of the national agricultural organizations, have also included demands for making mortgage burdens easier, both by direct relief from foreclosures and reduction of interest charges and by indirect action to raise farm prices.

For a Debt Jubilee

Louis J. Taber, Master of the Grange, opposed a general farm moratorium as well as agrarian invasions of the capital at the annual meeting of that organization last week; but the Union came out for a general debt jubilee, remonetization of silver, and for the Frazier bill, introduced last session, providing for federal refinancing of farm mortgages at drastically reduced interest rates. Senator Frazier definitely tied the war and farm debts together when he said at the recent meeting of the Farmers' Union: "I opposed the war-debt moratorium on the ground it was unjust unless a similar debt holiday could be given to American farmers. I shall take the same stand on any further proposals to relieve European debtors." So will others.

With or without the war-debt issue as a peg to hang it on, it is already clear that pressure for drastic farm relief legislation will probably give precedence to this question of farm mortgage debts at the winter session. With average farm real estate values approximately at the pre-war level, and prices being received by farmers for farm products at about 45% below pre-war, the total mortgage debt on farms is almost 3 times as great as it was in 1910. This means that both mortgagees and mortgagors are suffering from the collapse of farm income and debt-paying capacity.

5 Times War Debts

Interest payments on mortgage debts range around \$650 millions annually, more than 5 times as much as the annual payments on war debts, and more than 10% of the probable gross income of agriculture this year. The total value of farm mortgage debts at the present time is between \$9 billions and \$9½ billions, and with the short-term debt, which has increased rapidly in recent years as a result of governmental loans of all sorts, Norman J. Wall of the Bureau of Agricultural Economics estimates that the total indebtedness of American farmers today is between \$13 billions and \$14 billions, involving an annual interest burden of around \$900 millions.

Inasmuch as the net income of all farmers, before mortgage interest payments, last year was approximately \$2,800 millions, the debt burden came to nearly a third of the net income of agriculture. This year, with further reduction in net income likely, and interest burden about the same, the proportion will be even larger.

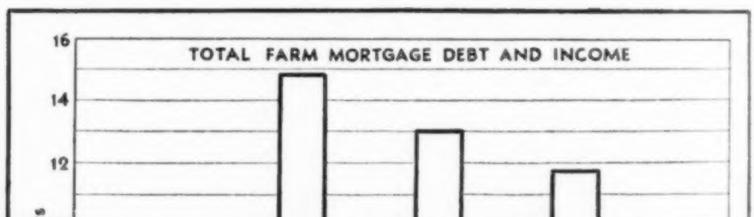
Another way to picture the severity of the farm debt burden is to remember that to pay a dollar of interest on principal on farm debt today takes almost twice as much farm products as before the war, and there are 3 times as many dollars of interest or principal to be paid, so that the real debt burden is about 6 times as great as it was before 1914.

The problem is being met, after a fashion, by the unofficial and circumstantial moratoria that exist on farm mortgage foreclosures in many of the most heavily burdened rural sections. Active hostility or passive boycotts have deterred farm purchasers at foreclosure sales, and creditors allow debtors to continue occupancy of farms in spite of default. But these forms of relief are too uneven in their effects to be satisfactory to organized farmers.

Proposals for more systematic measures likely to be considered in Congress include: (1) federal refinancing of farm mortgages, either on a universal scale as provided in the Frazier bill, or assistance to farm debtors in difficulty through a special farm mortgage credit corporation, the capital for which will be provided by Congress and which will have power to borrow through sale of its securities; (2) appropriation of additional capital for the Federal Land Banks to increase their lending power, and reorganization of the Land Bank system to bring the Joint Stock Land Banks under federal control; (3) expansion of private efforts by banks and insurance companies, through the B & I committee or similar special bodies in each district to deal with distress cases and bring creditors and debtors to agreement on reduction of interest, extension of amortization, etc.

The Allotment Plan

The latter was the approach preferred by the present Admnistration, and some progress has been made along that line but the incoming Democratic administration has pledged itself to more comprehensive governmental measures, including especially some surplus control scheme (probably the domestic allotment plan) to raise farm prices. It is possible that even the present Administration would accept the latter if passed at the short session. Sharply higher domestic prices for farm products would of course meet the problem in part and



WHAT THE FARMER OWES—Before the war the mortgage debt on American farms was only about half as large as the annual gross income of farmers. This was true even at the peak of the post-war boom. But this year, the mortgage debt is about twice as great as farm income.

in a uniform way. Failing that, or pending it, however, some special action on farm mortgage debts is almost certain.

Such action is complicated by the fact that mortgage debt difficulties are so largely a local and individual problem. Not all farmers need relief, and any general relief measure would work out unfairly. Less than 40% of all farms are mortgaged, and almost two-thirds of the farm mortgage debt is on farms in 12 North Central states. Iowa alone has almost 15% of the total mortgage debt, and this state, with Illinois and Nebraska, have about a third. The New England and Middle Atlantic states have a little more than 5%, and the proportion in the Pacific states and in the South is likewise small.

The severity of the debt burden and danger to creditors likewise differs greatly among the mortgaged farms. Less than 36% have a mortgage debt exceeding 50% of their present value, and less than 10% have a debt greater than 80% of their present value. The creditor interests affected by any general relief measure are also diverse.

The largest proportion (23%) of the total farm mortgage loans are held by insurance companies. Commercial banks are not heavily involved, having reduced their proportion of total farm mortgage loans to about 10% from nearly twice as much in the past ten years. Relief through the Federal Land Banks and Joint Stock Land Banks would not cover the whole problem, because together these institutions hold less than 20% of the total farm mortgages.

Farmers themselves, active or retired, are important farm mortgage holders, accounting for nearly 15% of the total, and individual lenders, mainly in rural communities, also hold about 15% of the farm mortgages outstanding, so that any moratorium or other measure of relief to debtors would probably cut heavily into rural income. Farmers and other individual mortgage holders are especially important creditors in the New England and Middle Atlantic states where they account for respectively 36% and 64% of the total mortgage loans. In these sections insurance companies hold hardly any farm mortgages, while in the New England states more than 37% of the farm mortgages are held by commercial banks.

Rail Loss to Trucks

It seems to be at least $275 millions a year.

TRUCK competition is costing the railroads at least $275 millions a year if an estimate by the Commerce Department placing inter-city for-hire truck traffic at 5.5% of rail traffic is correct. Trucks hauled 245,775,000 tons of competitive freight, or a total ton mile-

age last year of 17.4 billions. This estimate is computed by taking 200,000 of the 3,466,313 registered trucks as engaged in inter-city common contract carrier service and applying the findings of a previous study of 3,000 trucks.

The Class I railroads' revenue per ton-mile last year was 1.051¢. That, multiplied by the trucks' ton mileage would amount to $182,874,000. To calculate the revenue loss to the railroads, however, this figure must be raised by at least 50%. Truck traffic measured in terms of revenue is fully that much higher than when measured in terms of volume as the freight captured by the trucks is high-class short-haul traffic at close to double rates.

In its report last spring on truck transportation, the Interstate Commerce Commission estimated that inter-city truck traffic in 1929 was equivalent to 5.8% of the rail traffic on a ton-mileage basis but the commission's estimate included the inter-city traffic of private as well as for-hire trucks.

New Lacquers

They resist perspiration, are important to makers of telephones and other things often handled.

WHY does the black finish on telephone instruments wear off? Bell Telephone Laboratories set out to find the answer. It wasn't long before they discovered it wasn't wear at all, properly speaking; it was the destructive effects of the complex oleaic acids in perspiration. In conjunction with Roxaline Flexible Lacquer Co. of Long Island City, perspiration-resistant lacquers have been developed.

In the course of research, men confined in a hot room passed lacquered articles from hand to hand, and discovered that certain lacquers, though they would stand considerable abrasion, disintegrated within a half hour under the effects of handling. New lacquers were tested by being worn on belts next to the skin for varying lengths of time.

Findings are important to manufacturers of door handles, cigar lighters, vanity cases, and a considerable number of articles which are not necessarily handled when completed, but which have to be handled when they are being manufactured.

Silk-Rayon Survey

New bureau to write another chapter in study of textile markets.

ONE of these days, the textile industry is going to know all about its marketing set-up, admittedly one of the most complex. Assisted by funds of the Textile Foundation, which in turn got its funds in the wind-up of the German dye situation after the war, the wool men engaged Dr. Paul Cherington to make a monumental study for them. It has been published in book form. The cotton marketing survey is nearly complete, under direction of Dr. Melvin T. Copeland, of the Harvard School of Business Administration.

Now comes organization of the Silk-Rayon Research Bureau, under Ramsay Peugnet, director. A survey of equipment available in the industry is under way. But probably its major undertaking will be a survey of marketing to be made in cooperation with Textile Foundation.

Farm Power

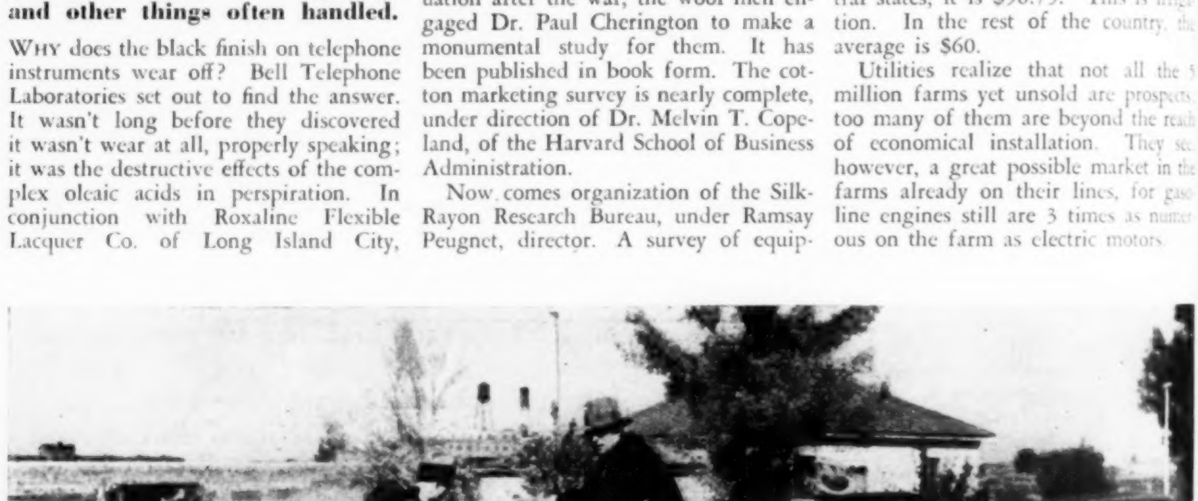
A million now have electric light; next job is to sell them motors.

FARMS supplied with electricity are nearing the million mark. But that will leave 5 million to go.

Census figures of 1930 give the number of farms in the United States as 6,288,544 of which 13.4% or 841,33[illegible] had electric light and 256,656 had motors. Of the farms with electric light, 270,380 had private plants. But industry estimates show there was a growth of 7½% in farms connected with utility power lines in 1931, and there has been some growth in 1932.

The farmer is not a bad customer if costs of stretching a line to him may be forgotten for a moment. His average annual bill is twice as big as the city consumer's. In other words, it is $81.40. In the Pacific Coast states, it is $147.50 and in the West South Central states, it is $90.75. This is irrigation. In the rest of the country, the average is $60.

Utilities realize that not all the 5 million farms yet unsold are prospects; too many of them are beyond the reach of economical installation. They see, however, a great possible market in the farms already on their lines, for gasoline engines still are 3 times as numerous on the farm as electric motors.



IT PULLS BEETS—Power driven sugar-beet harvesting machinery is being developed this fall under the sponsorship of the United States Beet Sugar Association in the California and Rocky Mountain areas. This new beet lifter and topper was invented by George W. Rienks, supervising engineer, Great Western Sugar Co., who is seated on the machine in a field near Longmont, Colo.

Wide Reading

SALVAGING OUR RAILROADS. George W. Anderson. *Atlantic,* December. Government ownership is inevitable. The important question is: Will it be adopted promptly, and on a sound basis?

THE INSURANCE OF TITLES TO PROPERTY. James G. Smith. *Journal of Land & Public Utility Economics,* November. Types of insurable risks, the basis for insurance, costs, attitude of the courts.

THE GROWTH OF STATE CAPITALISM IN EUROPE. Emil Lengyel. *Annalist,* Nov. 11. Some reasons why various European governments have bought into national industries. Samples in Germany, Scandinavia, Italy, Austria, Poland.

STEEL AGAINST PEACE. Georges Hoag. *Living Age,* November. Frenchman makes out an impressive case against the armament industry in every country as the most powerful existing threat to world peace.

QUEBEC'S MOUNTING GOVERNMENT COSTS. C. L. Sibley. *Maclean's Magazine,* Nov. 1. Quebec, like many a city in the United States, has been smitten by a hurricane of public expenditure. Before the war, expenses totaled $80 millions a year, now they run to $250 millions.

ENGLAND'S TWO MILLION HOUSES, NEW. *Fortune,* November. Striking accomplishments of the British in vast housing projects. What has been done; how; results.

POST-ELECTION PROBLEMS. Mark Sullivan. *American Bankers Association Journal,* November. The chronicler of "Our Times" writes on reconstruction, war debts, tariffs, the need for an international conference.

GROUP BANKING. Edmund Platt. *Executives Service Bulletin,* November. Development, organization and accomplishments of a type of banking which is attracting considerable interest now.

REPORTS—SURVEYS

ADVERTISING ALLOWANCES. Leverett Lyon. Brookings Institution, 125 pp., $1. Report condemns secrecy but does not condemn the practice as a whole. Delicate handling of a troublesome subject.

EMERGENCY WORK RELIEF. Joanna C. Colcord. Russell Sage Foundation, 286 pp., $1.50. Trading unemployment aid for labor by the unemployed is a popular but difficult and often unsatisfactory method of emergency relief. Business men are often called upon to help devise, administer such "business-like" programs. For these and others the Charity Organization Department of the Russell Sage Foundation has published this valuable casebook on the work relief methods and experiences of 26 American communities.

ECONOMIC TENDENCIES IN THE UNITED STATES: ASPECTS OF PRE-WAR AND POST-WAR CHANGES. Frederick C. Mills. National Bureau of Economic Research, 639 pp., $5. Contrasts dominant tendencies in the two periods, 1901-13 and 1922-29, and explains many of the underlying conditions of the one which culminated in the current depression. Changes in volume and character of production, production costs, and wholesale prices are measured by index numbers hitherto unpublished. Essentially an analysis of a normal period of economic development, an authoritative reference, and a guide for future economic planning.

Keystone

OPPOSING THE ST. LAWRENCE SEAWAY—Peter G. Ten Eyck, president of the New York State Waterways Association, standing, was one of many witnesses who appeared before a Senate committee presenting arguments against ratification of the treaty with Canada providing for construction of the St. Lawrence waterway. Seated, left to right, Senators Walsh, of Montana; Borah, of Idaho; LaFollette, of Wisconsin. The photographer fell down on part of his job by not reporting what the joke was. Senator Walsh evidently didn't get it, either.

St. Lawrence

Opponents of the seaway treaty have probably made too strong a case for proponents to get it through the short session of Congress.

PROSPECTS do not favor ratification of the St. Lawrence seaway treaty (*BW—Jul27'32*) at the short session of Congress. Senator Borah, chairman of the Foreign Relations Committee, indicated as much when he pointed out that determined opposition could prevent action at the forthcoming session. At the hearings in which they have been having their innings, opponents of the projects have left no doubt as to their determination.

Principal points made were that the project had not been adequately studied; that the cost would greatly exceed the estimate; that structures built with American money would become Canadian property; that probable benefits of such an addition to the national tax burden have been exaggerated.

The hardest drive was made on the seaway supporters' claims as to possible savings in freight rates on wheat. The more optimistic estimates have placed these at from 6¢ to 12¢ a bushel. Alfred P. Thom, general counsel for the Association of Railway Executives, was unkind enough to say that wheat has been moving via the existing all-water route through the Welland Canal at as low as 8¢ a bushel from upper lake ports to Liverpool. "And you can't save 6¢ out of that." He added that if the government would pay annually to the railroads the amount it will have to pay for interest charges, maintenance and operation of the waterway, the roads could afford to handle free all the American grain that would move through the waterway.

Incidentally, the way in which the railroads have stuck together in their opposition, without defections on the part of Northern and Western roads for whom seaway benefits have been promised, was a blow to supporters of the treaty.

On the cost question, opponents presented figures intended to show that the actual outlay for the project will be much greater than the estimates. The figures for the total costs are $491,145,000 as compared with $272,453,000 estimated by the joint board of engineers. It was also claimed that from $42 millions to $55 millions of the American expenditures would be for the exclusive benefit of the Canadian power program.

Pro-treaty interests talk of "exploded and disproven statistics," say that if the waterway is as impractical and unsound as claimed it could not be used and, as a consequence, would present no competition that need be feared. They also accuse the opposition of basing its dire prophecies on the assumption that the present level of business and prices (and, for Mr. Thom's attention, wheat rates) will continue indefinitely. At the moment it looks as though the debate might do just that.

Canadian Market

British chemical industry will organize to go after the Canadian market. Americans have it now.

"UNITED we stand" is to be the campaign slogan of a group of British chemical producers who are advocating a mass attack on the Canadian market. The only hope of overcoming American competition is through a united sales organization.

Details of the project will be considered soon by committees of the Association of British Chemical Manufacturers. It has already been presented to the association by its chairman and representative at the Ottawa conference, Dr. E. F. Armstrong. The houses represented in the organization would sell on an agreed basis approximately according to cost, and share in the expenses and profits according to turnover or to some other convenient plan.

Britishers all along have found it almost impossible to break into the Canadian market because of its proximity to the United States. Canadians are in the habit of telephoning emergency orders direct to American headquarters, and of having them delivered by first-class mail if the need is sufficiently urgent. Also, Americans have found it profitable to send some of their best representatives and technical experts to get Canadian orders or answer complaints. Result: Americans have a monopoly on the business.

The American chemical industry paid special attention to figures quoted by British backers of the campaign. British chemical, drug, dye, and color exports fell off £104,636 in September, compared with 1931. Sulphate of ammonia, coal-tar products, paints were particularly heavy sufferers. Since 1924, value of foundry coke has declined from £16 to £9 millions.

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(Please type additional names on your letterhead.)

All King George's Farmers

The biggest scheme of cooperative production and mar- keting of primary produce ever attempted has been launched in Great Britain.

LONDON—The Empire Farmers' Co-operative, Ltd., recently created, is Britain's answer to the demand of domestic and empire farmers for aid in bettering their trading position. Beginning this month, farmers in England who find themselves with a surplus crop which they cannot market can appeal to the new organization for advice. If it is found that some other part of the empire can supply the apples, or egg plant, or cranberries more cheaply, they will be helped to shift to some other crop for which there is a readier market, and which they can grow economically. Likewise, empire farmers in New Zealand, Canada, South Africa will have an equal opportunity to tell their troubles to the new organization with some assurance that something will be done to help them out. Most important of all, each section will try to work out its own problems at the same time it is fitting into the larger project. It is an attempt to systematize agriculture.

4 Principal Aims

Empire Farmers itself sums up its aims a bit more formally. It claims it will try to (1) control as far as possible the production of foodstuffs—cereals, fruit, meat, and milk—throughout the empire in order to stabilize prices to both producer and consumer;

(2) Supply to the producer the whole of his requirements—seed, stock, and implements—and provide him with finances and a sure market at prices 20% to 25% higher than he now receives without raising the price to the consumer;

(3) Sell to the consumer at the cost of production plus only working costs;

(4) Replace foreign products by increasing food production in Great Britain by $330 millions a year or more, and draw the balance of requirements from the empire.

Many Local Boards

Each dominion and colony participating in the scheme will have its own local board and each board will elect a representative to sit on the central board in London. Representatives will sit as advisors. By this means, the central board is assured expert advice and guidance on conditions in all parts of the empire.

Negotiations are afoot with all existing farmers' associations to ensure their cooperation, and farmers are invited to become shareholders in the society. Only members will be able to sell to the organization and the shares taken by the individual farmer will be in proportion to the amount of business done by In this way the large and small far will enjoy the same trading basis.

Capital totals about $3¼ millions, the constitution of the society provi for the payment of a dividend of 6 on the paid-up capital. The surplus w be divided among the members in p portion to the value of their trade.

Comprehensive Arrangement

The arrangements of the society complete and comprehensive. It w supply the farmer with everything needs, advise him on what crops to gr take his crops from him, and sell dir to the consumer.

In a special interview with *The Bu ness Week's* London correspond Lord Strathspey, chairman of the n organization, said:

"Agriculture is the largest indus in the empire and there is no reas why it should not be profitable. Wh we are setting out to do is to rational agriculture over the whole field of th empire. As the dominions, natural wish to foster their own manufactur industries and to bring in the produ of British industry to supplement the so we are looking to our home agri ture as the first care. Imperial pref ence must not supplant our own far ing, but make good the natural limi tions in the volume and range of productions.

12 Districts Contemplated

"By controlling the distribution a retailing, we shall ensure the produ obtains the full price paid by the co sumer. Our own transport system wi ensure that goods for sale are deliver to the nearest point at which they a needed. Thus, a ship will leave, sa from one port in Canada or Austral with a mixed cargo of suitable size f the area surrounding the port of di charge. For this and other administra tive purposes, the United Kingdom wi be divided into 12 geographical area carefully planned to enable the greate economies to be made.

"In the shops under our control th housewife, who is the best judge, ma select the greatest value for her mone for she will find goods plainly marke with country of origin and price. Ou plan provides also for the establishme of our own mills. We shall not impo flour—but grain."

News of the scheme did not caus great excitement in Britain. Other ex periments in farmer's cooperation hav been watched and they have not bee highly successful. The British farmer

conservative, and he is often in the hands of his bank or his biggest customers. Government aid to farmers has always been hindered by the hold which buying and selling interests have on the individual farmer. But now, when farming is ruined and insolvent farmers are sending deputations to the government for relief of one kind or another, the new scheme may meet with a better response than previous cooperative movements. Second trouble is that when times are better, individual farmers are apt to betray the movement for personal benefit.

The best that can be said now is that the British non-farming public is watching the experiment with sympathetic interest and waiting to see if the private-enterprise retailer of farming produce will make any countermove.

And it should not be forgotten by outside-the-empire critics that there is more of a precedent for acceptance of the scheme in Britain than in, for instance, the United States. Britain has had its Empire Marketing Board since 1926, working to encourage the wider use of empire goods within the empire. "Buy British" was a product of its propaganda. It has worked to standardize grading and packing, to encourage the growth within the empire of products formerly supplied only by foreigners, to aid the British farmer.

And, more important, England is sympathetic to the cooperative idea. In Europe, England is known as the "mother of cooperation." Cooperative societies have existed for 100 years.

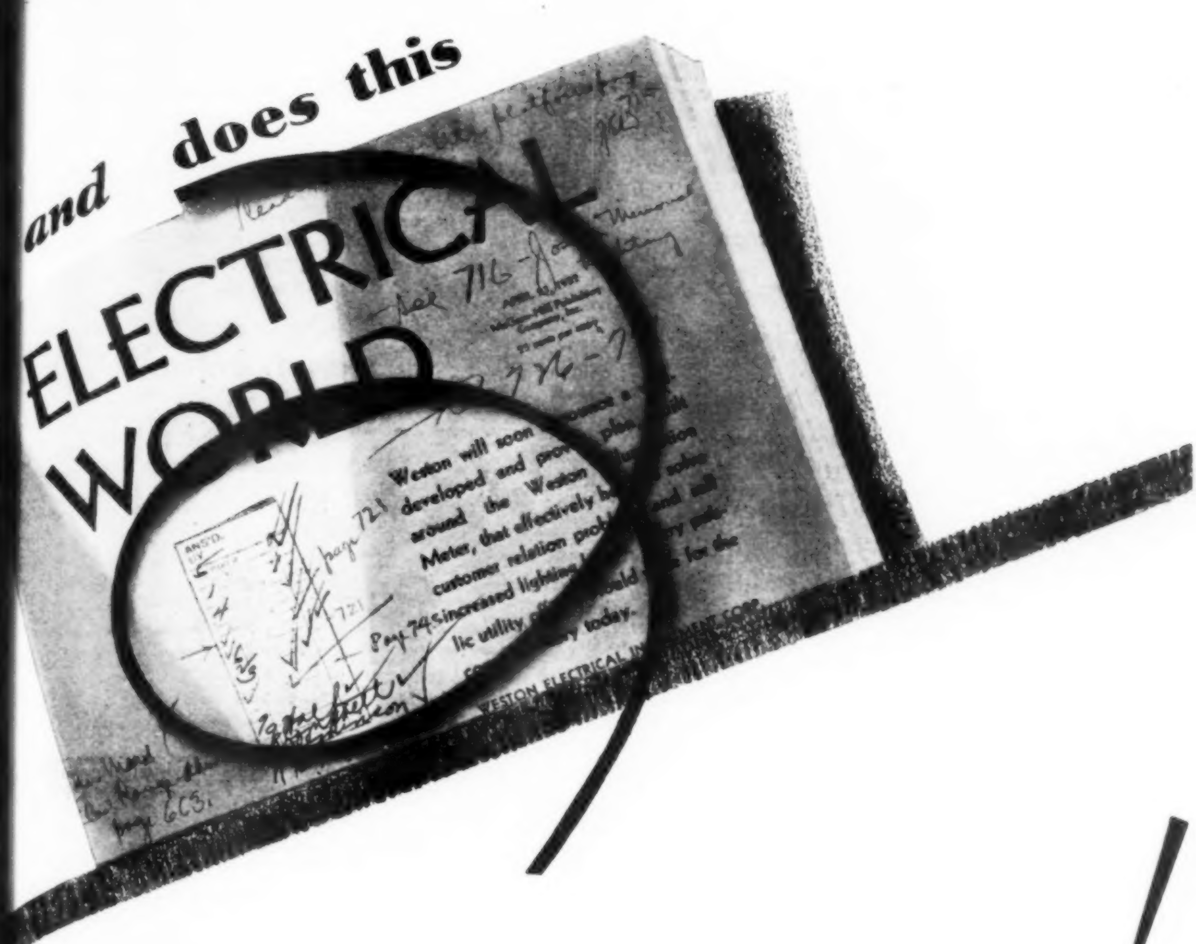
These 2 factors in the British background may help to balance the unfavorable expectations for Empire Farmers.

Coffee's Too Weak

$1 million will be spent to teach Americans how to make it.

AMERICANS are the world's greatest coffee drinkers but they don't make good coffee. Any coffee merchant can prove his point. And henceforth he is not going to wait for housewives to ask his advice on the matter. He is about to spend $1 million telling the country what it is missing by not making the most out of its coffee.

The advertising campaign, soon to be launched, is based on a study. Investigators have found that the average housewife makes from 55 to 60 cups from a pound of coffee. Authorities declare that not more than 40 cups of good brew can be obtained from a pound. The coffee industry—foreign producers and domestic distributors—are getting together to develop better coffee-brewing habits. Elimination of the present inefficient habit should increase sales nearly 50% with no increase in per cup consumption.



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The Business Week

Moscow Pays

Soviets meet big November bills, plan to continue to do business here.

WITHIN the last few weeks, executives have paid attention to several bits of news concerning Moscow.

Most important was the prompt payment during the first 2 weeks of November of $9.6 millions to American agricultural equipment concerns for machinery purchased in 1929, 1930, and 1931. Cash payments by Amtorg so far this year total $37 millions. The Soviets' outstanding trade acceptances in the American market are reduced by these payments to less than $24 millions. At their peak in 1929, outstanding acceptances in this country totaled more than $83 millions.

No Defaults Yet

Firms not dealing with the Soviets have more frequently questioned their credit than others. No payments have ever been defaulted in this market (or elsewhere). Doubts have resulted more from the wholesale defaults or delay in payment from European and South American countries and from the realization that the Soviets, like the rest of the world, were having difficulty selling their products abroad and getting their pay.

C. M. Peter, export manager of the Black & Decker Manufacturing Co., told New York exporters recently that the Soviet market still constitutes a good risk for the American exporter, but suggested watching Soviet-German trade relations carefully, for at present they are the key to Moscow's vast foreign trade. German shipments into Russia this year probably will amount to 45% of all imports. The share of the United States has fallen to a bare 5%. Moscow's credit record with Germany, therefore, becomes most important.

Now Quote in Dollars

More interest than importance attaches to the rumor from London that the Russians will henceforth quote sales prices in all world markets except Great Britain in dollars rather than sterling. This is due, of course, to recent violent fluctuations of sterling and to the losses the Soviets took on their sterling deposits when London went off gold. It is expected that the Russians will try more nearly to balance their British trade, buying more from the British to use up the favorable balance which they have maintained for years and plan to continue, though possibly on a smaller scale, in spite of the Ottawa pact.

In the last few weeks, reports have been circulated in this country to the effect that the Amtorg Trading Corp. is contemplating closing its offices or limiting its functions. According to some of these reports, purchases of American products for the Soviet Union are to be handled directly from Moscow. Amtorg headquarters, however, firmly denies all these allegations, declares it will continue actively in New York.

Construction Pool

International cooperation makes progress without waiting for world economic conference.

FRANCE, Germany, and Great Britain are involved in a new deal to sell themselves, and their neighbors, prosperity. Details are leaking out piecemeal but they are too encouraging to allow delay in absorbing them as they come.

Three cooperative schemes are hinted in the early reports.

France and Germany, in the first place, have hatched up the present plans and will go on working together on technical projects which they hope to "sell" to the proper authorities. This is a sort of incubator group in which it is expected there will be hatched numerous plans utilizing idle French capital and excess German producing capacity. Now that French industry is less occupied than it was a year ago when the first cooperation between the two nationals was proposed, it is likely that French industrialists will demand a share of whatever business materializes. In certain huge projects which may be undertaken, German and French engineers and producers will cooperate.

The second consortium includes these 2 countries and the British. Rumors began to leak in Paris last week (*BW—Nov23'32*). Berlin and London haven't yet confirmed them but the French have talked freely.

Public Works Planned

This group will attempt to get contracts for huge public works programs in various countries. Roads, canals, and irrigation projects are contemplated. It is expected that bonds will be sold on the French and British markets first. Later, as conditions improve in Germany, Berlin might be asked to sponsor a bond issue for about 20% of the total financing which will be necessary.

The third project is likely to remain vague until in February when it will come before officials representing the various countries. Just now it contemplates fast rail electrification projects in Poland, Rumania, Iraq, and Portugal. Maximum capital which may be devoted to the scheme is estimated at $700 millions.

Business Abroad

War debts continue to focus all attention. Sterling falls steadily on fear that London will be forced to make December payment. Little fear over German politics. France fights salary cuts. Japanese yen at new low.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Just 3 problems were enough to hold the attention of all Europe this week. Outstanding was the war debt question. Next was the collapse of the von Papen government in Germany and the prospect of some sort of Hitler coalition. Finally, the slide of sterling, due largely to the uncertainty over debts, focussed banking attention.

Disarmament is still prominently discussed but for the moment business is paying more attention to other matters.

Outright default of the December payments, in case Washington fails to allow postponement, is not likely. Britain is obviously preparing to meet the payment if necessary, but the resultant drain on sterling has become extremely serious. The pound dropped to a new low this week. British exporters will benefit except that even nominal stability of sterling is gone and no one has quite adjusted himself to the recent radical fluctuations.

If Britain pays, however, it may become a serious matter, for the country's sterling stabilization fund is already overtaxed. Refusal to pay, however, would bring further paralysis to trade and lead to more price declines.

French payment involves some internal effort but no exchange risk. In fact, the trouble in France is with Parliament which is refusing now to consider the transfer of the $19 millions due. The French can't forget that the United States took the initiative in ending reparations, with which the French were meeting debt payments to Washington.

Strangely enough, the fall of the von Papen government in Germany has aroused no alarm in Europe, though the outcome of the political impasse is watched with intense interest because it is taken as a test of Hitler character. When he refused last summer to share responsibility in a coalition cabinet, his decision met with intense disapproval both in Germany and without. Greatest uneasiness connected with Germany just now is that the newly raised Polish Corridor problem will cause an open rupture.

Central News

OFF TO BATTLE—Yosuke Matsuoka (left) receives an official farewell when he leaves Tokyo for Geneva to uphold Japan's interests in the controversy over Manchukuo. In debates before the League, he has astonished Europeans with his bold stand against foreign interference in the Far East.

The Paris Bourse held steady during the week. London, except for West Africa mining shares, was weak. Berlin was sluggish due to political influences.

Commodities were weak, except copper.

Germany

Political bargaining in Berlin causes uncertainty but negotiations with Hitler fail to react unfavorably. Industry gains.

BERLIN (*Cable*)—Germans refused to allow political dickering and the possibility of a coalition government including Hitler to upset business. Everything is quiet. As soon as a new cabinet is announced it is likely that business will again move ahead.

The political outcome is still uncertain. Berlin is inclined to believe that Hitler will be unable to form a cabinet and that some new coalition will be formed including neither von Papen nor the Nazis. And if this is the outcome, there is likely to be another dissolution in December when the Reichstag meets.

Stock markets remained fairly firm throughout the week, indicating that idle capital is seeking investment despite the uncertainties developed internally and externally during the week.

Industrial recovery is being maintained. October coal output was up 10%, steel 30%. Machinery producers are maintaining slightly increased production levels, and the shoe and textile industries continue to report substantial gains.

The prospect of a budget deficit in the later part of the fiscal year may make it necessary for the government to go to the public for a loan. This is the only factor in sight which might interrupt the easing tendency on the call money market.

Great Britain

Sterling touches new low due to uncertainty regarding war debt problem. Markets affected. Only West African gold stocks boom.

LONDON (*Cable*)—The immediate future of Great Britain is in the hands of the United States. This has been true on many notable occasions, but never more definitely than now. The response of Washington to the British note on war debts will not only affect business as such but will affect every department of finance.

Britain owes the United States $95 millions on Dec. 15, the largest payment due at this time from any war debtor. Britain can make the payment but it will cut seriously into the Exchange Equalization Fund which has

been set up to help stabilize sterling. The recent serious fluctuations of the pound have been in part due to the potential effect of the December payment on this fund. If that payment is postponed, the pound will steady and business will gain new confidence. Just now, markets are clogged by the uncertainty and trade is hesitant. Sterling touched a new low on the eve of the Washington negotiations, just slightly above $3.25.

Britain's Plans

The election of Roosevelt and the despatch of the debts notes has caused some slight change of feeling toward the world economic conference. Hitherto, there has been wide doubt of the utility of such a gathering, in view of the sweeping exclusions of essentials by the United States. Now, if the governments can come to some equitable and sane arrangement on debt payments and Roosevelt promises to give tariff reductions a chance, it is felt that the conference may serve its purpose and result in a new world scaling down of trade barriers of all kinds.

Pending the maturity of these expectations there is, as previously reported, a kind of lull in the business tide, although the advance of small waves of recovery are evident.

A small boom in West African gold mining shares developed over the week and served to loosen an otherwise sluggish market. Gilt-edged securities tended downward on the decline of sterling and the uncertainty connected with the war debts problem.

Industrially, there was little to characterize the week. Iron and steel activity continue slightly upward. Vauxhall Motors, Ltd., controlled by General Motors, is erecting a large new $1½ million plant. Business has been good and export demand has recently picked up.

The settlement of the labor troubles in the Lancashire textile region is viewed optimistically, for the new agreement between employers and workers covers a 3-year period.

Some significance also attaches to the merging of 11 collieries in Scotland. It is recalled that the Coal Mines Act of 1930 demands that the industry help itself to rationalize. This is an indication that the warning is being heeded.

France

French expect eventual cancellation of debts. Bourse fails to follow Wall Street. Industry lags; only textiles get more business.

PARIS (*Wireless*)—The intransigeant attitude of Washington on the war debt question is viewed serenely in Paris. It is considered only a matter of time before the United States recognizes the all around benefits which will result from cancellation.

It is said here that France attaches only a moral importance to these payments, while England is inclined to give them a semi-moral semi-financial significance, and the United States only a financial importance. When these divergencies of opinion are once recognized, it will ease the difficulties in the way to settlement of the problem. It is felt in France that if time is allowed, American politicians will make enough protests to save their faces and then give in, without losing the voters' confidence. Given time to adjust itself to the changed economic setup, the United States, like France, will resign itself to the inevitable, will cancel what really has become uncollectible. This is exactly what has happened to German reparations.

If pressed, it is believed that France is likely to make the Dec. 15 payment to Washington despite the bitter hostility of Parliament, the man in the street, and even French bankers. It is hoped, however, that this payment will be sufficient to appease the American conscience, justify reconsideration.

Dollars Wanted

In the face of a whole week of internal and external uncertainties, the Bourse has shown remarkable resistance, acting independently of New York, long time mentor to the Paris market. British buying of dollars for possible payment of December obligations forced dollar exchange up to 25.56 for the first time since July. This current independence of the Bourse is attributed in Paris to the improved sentiment which has developed lately despite the failure of recently noted industrial revival to carry through. Only textiles continue to report fresh orders. Iron and steel, and coal, are completely in the dumps. A new lot of coke ovens has been extinguished only this week.

When the Finance Minister made public the 1933 budget estimates, all parties registered disappointment though, as promised, expenses have been reduced $120 millions compared with 1932. It is the only budget since 1905 to show a decrease of expenditures over the preceding year. Of all the thorny problems to be threshed out before the new budget can become effective, the most troublesome is the reduction of salaries of civil servants and cuts in the allowances to pensioners. Civil workers are threatening passive resistance and a strike if the economy is carried out.

Following the agricultural debate in Parliament, the Socialists have raised a demand for a bill which would provide for the formation of a vast grain office under government control. All imports and prices would be determined by this board, under the Socialist plan. Opposition parties, however, refuse to support the plan, point to the failure of the Farm Board in the United States and declare the idea is not feasible.

LOOKS RESIGNED—And he is Franz von Papen, just forced out of his post as Chancellor of Germany, shows the effect of the strain of his office and of the crisis he has been going through.

Latin America

Colombia enforces moratorium on private debts. Argentina seeks new markets. Peru taxes electric refrigerators.

WHEN Congress adjourned in Bogotá and representatives had left for their constituencies, the Colombian government revealed in its summary of legislation enacted the details of a private debt moratorium recently decreed.

More than a year ago, banks were requested to accept payment on private debts on the basis of part payment in cash and part in government bonds. Domestic banks acceded to the demand but the foreign banks in the country insisted on payment in full. Now all banks are ordered by the government to grant a moratorium on these debts contracted between 1925 and the middle of 1931. The moratorium will last until 1935. At the same time, interest rates are limited, and interest cannot be

compounded. Only way of avoiding the delay is to cut the principal by 30%.

Colombian self-determination made itself felt in other quarters also. In New York, the Colombian consul declared that his government did not recognize the new bondholders' organization recently established in New York, which leaves that group in an awkward position.

Beyond the report from Rio de Janeiro that the government has not yet decided to cut the coffee export tax, little news has come out of Brazil.

Argentina backed up a report of a favorable balance of trade for the year with the news that casein exports have increased appreciably despite the duty set up in the United States against them. Active campaigning in Germany, Britain, Holland, Italy and Japan has expanded these markets enough to make up the loss.

Peru has recently placed a tax on ice and on electric refrigerating machines which will affect imports. The rate on ice is 2 soles for every kilo sold. On electric refrigerators the tax is 6 soles in private residences and 24, 36, and 60 (according to capacity) in public establishments.

Uruguay is back in the news with reports that Cuba has become more interested in reciprocal bargaining discussions now that Montevideo has determined to buy gasoline wherever she can barter her products in exchange. It is possible that Cuba will make way on the domestic market for Uruguayan jerked beef in exchange for rum.

To expedite this barter plan on an international scale, Uruguay is considering the establishment of a government monopoly for the importation of articles of popular consumption, leaving the internal distribution to the present importers. At the same time, export duties (always an important source of government revenue in Latin American countries would be revised downward in an effort to speed up foreign trade.

Considerable progress is being made in Panama in adjusting the country's budget to current reduced revenues. In the 2 months since the new president was installed, monthly expenditures have been cut $150,000. Relief for the unemployed is getting sufficient attention from official sources to prevent social disorders. Executives familiar with the country are encouraged by the healthy economic progress being made under the new regime.

Far East

Yen exchange toboggans to new low. Japanese bankers uneasy over financial outlook. China reports good crops and construction activity, reflecting unusual resiliency of the country.

CHINA continues to prove its ability to carry on admirably without a strong central government. Economists are also impressed with the economic resilience of the people.

Keystone

SKY-HIGH RAILROADING—Spectacular viaduct 210 feet above a river bed near San Antonio de los Cobres, Argentina. The new line taps the northern, more populous and rich agricultural territory of the Argentine Republic, and, if Chile ever is able to build its end, will connect with a line from Antofogasta on the Pacific coast, so that there will be two trans-Andean roads

Foreigners report almost complete inability to get authoritative action in Nanking on any major problem because of the weakness of the government. At the same time, however, traveling observers report that provinces in the populous region west of Shanghai are making remarkable progress with their road-building programs At Changsha, a large new textile mill is booming, and a contract has been let for the installation of an automatic telephone system for the city. Just now, city officials are considering plans for the construction of a modern waterworks.

Rail Construction

Farther to the south, work is progressing on the Canton–Hankow railway, though progress is slow. New equipment for the Tientsin–Pukow railway is likely to be installed soon and the running time between the 2 cities cut by 7 hours. With the speedier crossing of the Yangtze which will be possible when the new train ferry is installed at Nanking next June, Peiping and Shanghai will be brought hours closer together without the necessity of changing trains at the Yangtze.

Government ownership advanced in China when Nanking officially took over the China Merchants Steam Navigation Co., largest Chinese shipping firm operating 24 ships with a total gross tonnage of 53,000. Because the ships now in operation are old and small, it is expected that new vessels will be ordered as soon as reorganization plans are completed.

Chinese Crops Good

Crop reports from China are generally favorable. Tobacco and wheat returns are least satisfactory. The bumper rice crop has caused prices to decline. The cotton crop is at least 35% larger than last year's.

Nothing has had a greater influence on Japanese business during the week than the unprecedented decline of yen exchange. Before the tide was stemmed, the value dropped to slightly more than 20¢. Shipment of $7½ millions in gold to New York helped to strengthen exchange but the enormous budget deficit is likely to cause unsteadiness for some time.

Prices Up in Japan

Prices have risen with the deep depreciation of the yen. Wages are unchanged and the number of jobless is mounting despite the increased activity in the steel mills on military orders, and the seasonal improvement in the textile industry. Shippers also are reporting better demand for tonnage due largely to the advantage which yen depreciation gives to the Japanese merchant marine. Bankers are generally pessimistic over the immediate future.

Consideration of the Lytton report by the League is bound to create a certain political tenseness in coming weeks which will reflect itself in business.

The Figures of the Week

Dullness continues to characterize business activity. Steel production is less steady as the lack of support from the railroad, construction, and miscellaneous industries becomes too great for the motor industry to offset. Holidays affected coal, carloadings. Commodities sagged.

AUTOMOTIVE demand appears no longer able to prevent a slight slipping in the steel production rate. Since the beginning of November, motor manufacturers have taken up the slack left by the petering out of orders from miscellaneous consumers. But caution characterizes the production schedules of even the motor industry, so that peak requirements for the fourth quarter have probably been filled. Chevrolet is commencing operations on its new model but material released for the run covers only 80,000 units, leaving the balance of the announced 110,000 for January. Buick has begun its 1933 model schedule, but is reported to have reduced the number to be assembled this year. For the moment Chevrolet has abandoned the "stripped" model designed to meet the demand for the lowest transportation cost possible. Ford is believed to be thoroughly examining ways and means of reducing costs. Wire netting is being eliminated from Ford tops. Sheets ordinarily not used for auto bodies are being investigated.

Employment in Detroit has tapered slightly from the middle of October, the index of Nov. 15 being 40.8 compared with 41.6 on Oct. 15. Additional sales reports now available from 36 states indicate that October passenger car sales will total around 63,000 units and commercial cars 14,000.

The value of motor vehicle bodies and parts made in the United States in 1931 has recently been announced by the Bureau of the Census as $865.7 millions compared with $1.4 billions in 1929, the preceding census survey year. These values based on f.o.b. factory prices represent a decline of 37.9%.

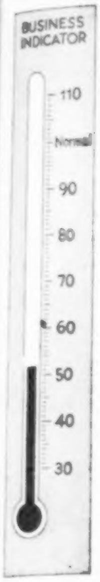
The reduction on tin plate of 50¢ per box to $4.25 came almost simultaneously with the plea of C. F. Abbott of the American Institute of Steel Construction that "Now is the time to bolster up prices." The reduction follows a[illegible] of 25¢ announced Oct. 1, 1931, a[illegible] another of the same amount the preced[illegible]ing year. The new price is the lowe[illegible] since 1916, and $1.10 below the le[illegible] of 1928 and 1929. Due to the prev[illegible]lence of granting concessions to bo[illegible] large and small buyers, the actual r[illegible]duction to consumers will be less th[illegible] the announced 50¢ cut. Can compani[illegible] will stand to gain little from the redu[illegible]tion, since the saving is being passe[illegible] on to their customers. The distre[illegible] selling of canned goods last year for [illegible] low as 5¢ focussed attention upon th[illegible] high proportion of container cost, a[illegible] probably stimulated the sale of bu[illegible] food. The passing on of the saving [illegible] an effort to hold and if possible rebu[illegible] the demand for canned goods. Activ[illegible] in the tin plate division of the st[illegible] industry has been at the best rate [illegible] all, approaching 50%, chiefly in anti[illegible]ipation of the 1933 requirements.

New Pricing Policy

Other steel prices have been hea[illegible] of late, such as scrap, angle bars, a[illegible] concrete bars, lowering the composi[illegible] index of *Steel* by 40¢. Motor manu[illegible]facturers are reported to have secure[illegible] good prices on sheets, netting produ[illegible]ers larger losses than on common grad[illegible] sheets. A new pricing policy is bein[illegible] adopted for steel plates and sh[illegible] whereby prices are quoted delivered [illegible] the job.

THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*	*Five-Year Average (1927-1931)*
	*51.8	†52.6	66.1	
PRODUCTION				
Steel Ingot Operation (% of capacity)	18	19	29	5[illegible]
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$4,238	†$4,262	$9,104	$16,205
Bituminous Coal (daily average, 1,000 tons)	*1,281	1,217	1,343	1,719
Electric Power (millions K. W. H.)	1,532	1,521	1,655	1,679
TRADE				
Total Carloadings (daily average, 1,000 cars)	93	98	115	151
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	62	65	77	97
Check Payments (outside N. Y. City, millions)	$2,662	$2,299	$4,170	$5,752
Money in Circulation (daily average, millions)	$5,648	$5,657	$5,497	$4,919
PRICES (*Average for the Week*)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.44	$.44	$.58	$.98
Cotton (middling, New York, lb.)	$.063	$.065	$.062	$.149
Iron and Steel (STEEL composite, ton)	$28.92	$29.32	$30.63	$33.98
Copper (electrolytic, f.o.b. refinery, lb.)	$.052	$.052	$.062	$.127
All Commodities (Fisher's Index, 1926=100)	60.4	60.3	68.6	87.2
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2,210	$2,211	$1,995	$1,514
Total Loans and Investments, Federal Reserve reporting member banks (millions)	$18,947	$19,026	$21,002	$22,217
Commercial Loans, Federal Reserve reporting member banks (millions)	$6,094	$6,130	$7,553	$8,823
Security Loans, Federal Reserve reporting member banks (millions)	$4,249	$4,295	$5,889	$7,039
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	$344	$360	$775	$3,032
Stock Prices (average 100 stocks, Herald-Tribune)	*$85.44	$86.56	$99.00	$146.12
Bond Prices (Dow, Jones, average 40 bonds)	*$78.36	$78.80	$84.03	$93.89
Interest Rates—Call Loans (daily average, renewal)	1%	1%	2.5%	3.9%
Interest Rates—Prime Commercial Paper (4-6 months)	1½-1¾%	1½-1¾%	3¾-4%	4.4%
Business Failures (Dun, number)	480	495	589	509

*Preliminary †Revised



The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures —steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.

Rail and structural steel demand continues to lag. The New York Central has released 6,000 tons of rails, and ordered substantial amounts of rivets, bolts and nuts for the car repair program. The Edgar Thomson rail mill at Pittsburgh ceased operating Nov. 16. At Cleveland, leading railmakers anticipate that 1933 purchases are not likely to be more than 60% of the 1932 total. Heavy carryovers of rail from 1931 and 1932 will enable roads to carry on for some time. The Census report on the value of steam and electric cars built in the United States in 1931 reflects the extent of the evaporation of demand for new equipment, being but $48.8 millions or more than 80% below the 1929 level. And 1932 will probably show even lower figures. The increase in capacity of freight cars and power of locomotives has reduced the amount of equipment needed by the roads as much as 9.4% for freight cars since 1925 and 18.6% for locomotives since 1924.

Building Contracts

Building activity in the first half of November held up better than anticipated, the daily average value of contracts awarded in the 37 states declining but 1% from the October level. In the past 7 years the decline from October has ranged from 5% to 38%. Total awards for the period aggregated nearly $51 millions.

A gain of 7% in the daily average awards of non-residential construction is the outstanding favorable feature of the building figures. Awards were valued at $13.8 millions. Compared with November, 1931, estimated to have 23 business days, the decline exceeds 54%.

Public works and utility contracts again accounted for the bulk of construction awards with a total of $27.5 millions. On a daily average basis, this is nearly a 10% increase over 1931.

Residential construction is shrinking as seasonally expected, being 8% under the October daily average and 59% under a year ago. Contracts awarded in the first 12 business days were worth a little under $10 millions.

Coal production during the week ended Nov. 12 reflects the double holidays of Election and Armistice, declining 8.8% in the bituminous fields and 6.8% in the anthracite fields. On a daily average basis, the output exceeded the rate of preceding weeks.

Electric Power

The *Electrical World's* index of industrial activity based on the consumption of electric power showed the first gain in October compared with September since 1927. The gains of more than seasonal proportions since the summer were especially marked in the textile and leather products groups. Iron and steel, metal workings and automobiles also reported appreciable gains.

The 8.7% decline in total carloadings during the Nov. 12 week compared with the 3.8% decline in comparable weeks of 1931 can probably be laid at the door of the 2 holidays that fell within the period. The decline was most marked in the miscellaneous freight classification. The adjusted index based on this group and l.c.l. freight declined slightly to 51% of normal.

After reaching a new low during the election week of Nov. 9, check payments made a poor recovery in the following week of Nov. 16, except in New York City where the increase amounted to 27.5%. Outside of New York, the recovery was less than 16%. The index declined abruptly to 51%.

The return flow of currency after the holiday week was somewhat less than expected, but is probably accounted for by the flurry in Pittsburgh caused by the closing of the Diamond National and 2 other banks in that city. Bank closings for the week ended Nov. 17 number 17 compared with 18 and 30 the preceding 2 weeks, while deposit liabilities jumped to more than $22 millions against $4.9 and $5.6 millions the preceding 2 weeks.

After a reported seasonal decline in saving deposits in mutual banks of New York State during October, it was somewhat of a surprise to learn that the postal savings system recorded a further increase that brought deposits to a new high on Oct. 31. In little more than a year's time, these deposits, bearing but 2% interest, have more than doubled, standing now at $868 millions. It was expected that the R.F.C. support of banking institutions throughout the country would arrest the steady increase in postal savings.

Commodity Prices

Commodity prices declined 1⅓% from September to October, according to the U. S. Bureau of Labor Statistics survey based on 784 commodities. Farm products were down 4½%, foods 2%, while slight gains were recorded for hides and leathers, fuel and lighting, metal and building material products. Retail food prices increased slightly. Eggs recorded the sharpest gain of 17%.

In the past week, further weakness has been noticeable in the commodity markets. Coffee and wool prices resisted the downward trend that overcame cattle, hogs, sugar, wheat, cotton, corn, cocoa, hides, and silk. The nonferrous metal markets were also unsteady.

The Financial Markets

Security markets remain in suspense, pending further progress in war-debt discussions and clarification of the outlook for fiscal legislation in the short session of Congress. Surplus bank reserves continue to increase, but member bank credit contraction persists.

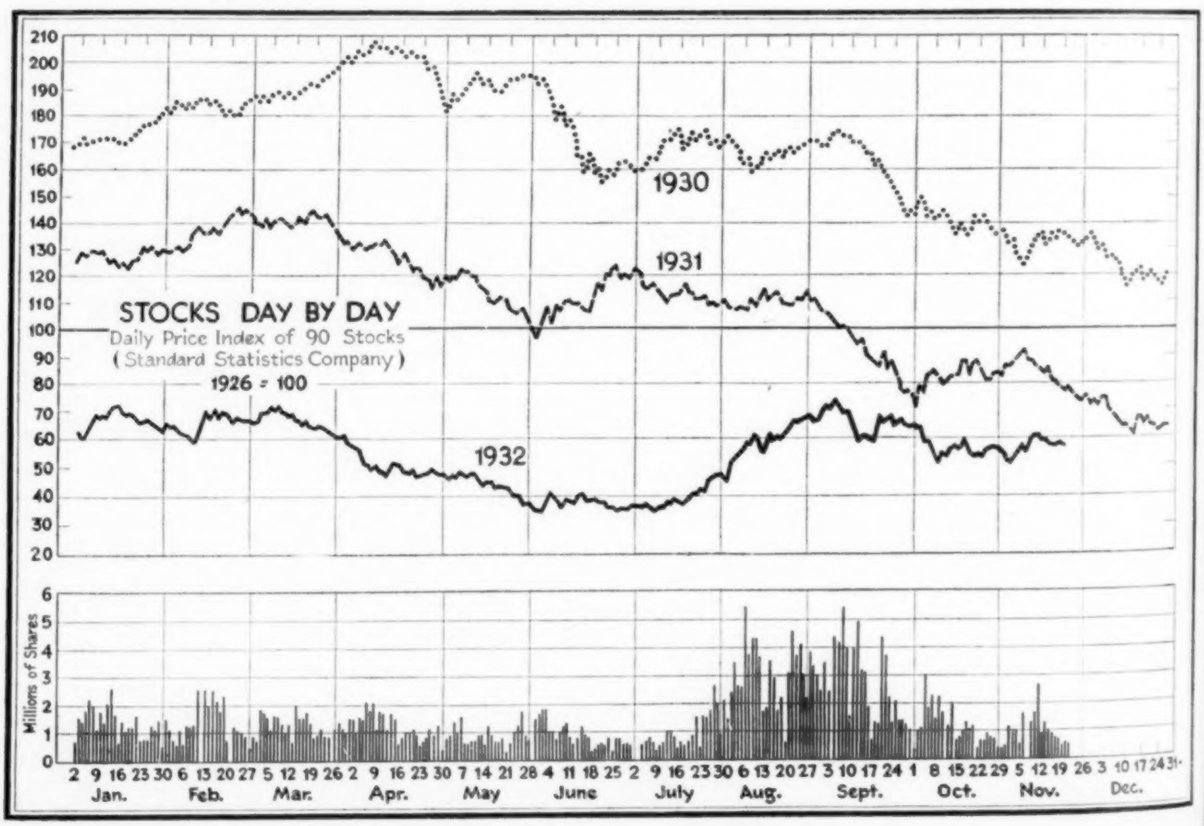
Money

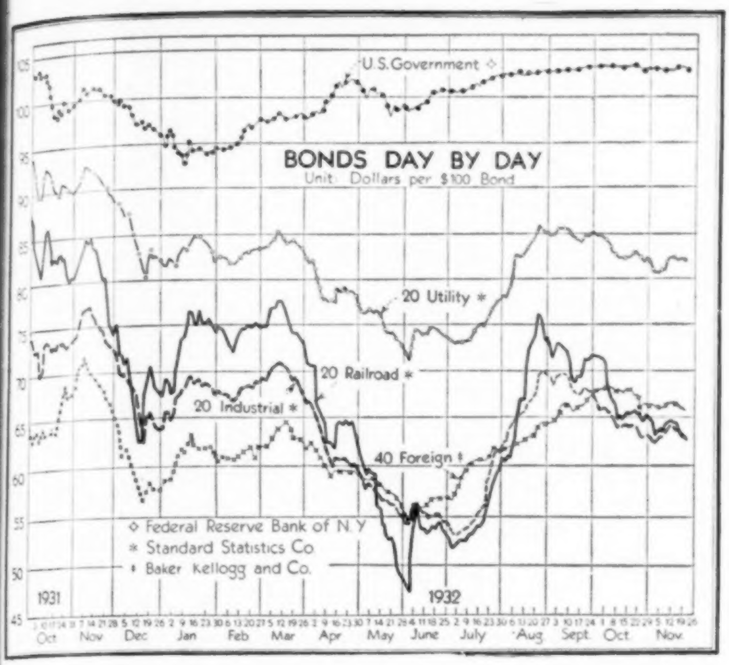
RECENT weekly statements of reporting member banks have not been a source of much enthusiasm for those who have been patiently expecting to see the reflationary effects of Federal Reserve open-market policy appear in credit expansion. Apparently the only thing that brings bank loans and investments up these days is a large piece of Treasury financing, and there will be none of this in sight till December 15. If government security purchases are excluded, the figures of member bank loans and investments have shown a practically steady decline all year and are still falling. Sporadic increases in commercial loans and in holdings of non-government bonds by New York city banks in recent weeks seem to have no special significance.

Excess reserves are still piling up and are over half a billion at the present time. This still reflects the steady gold inflow and the continued return of currency, as well as increased issues of national bank notes. It begins to look as though the seasonal demand for currency this year would be less than normal and possibly the year-end increase may be slight. If this proves true the efficacy of Federal Reserve easy-money policy will be put to the full test before spring, unless the Reserve authorities decide to abandon it and sell some of their government security holdings, which does not seem likely. In view of the continued large export trade balance, and the probability of the Dec. 15 foreign debt payments being made, the gold inflow is likely to continue; and the return of currency from circulation after the year-end will probably be large. All of which will put the member banks under still heavier pressure to employ their surplus funds.

Their hesitancy at present is due, of course, to many other factors beside the cussedness of which the chairman of the R.F.C. accused them in Boston last week. Business is declining at somewhat more than the usual seasonal rate, and the prospects of improvement before next spring are dubious. Bank closings have tended to increase somewhat in recent weeks. Above all, the uncertainties about the outcome of the debt discussion and of congressional action affecting federal finances are such as to discourage any vigorous investment policy on the part of the banks and to hold back any business demand for commercial credit.

The sharp weakness in sterling this week, bringing the New York quotation near the low of about $3.27 for the year, is likewise depressing. The slump in sterling reflects, of course, partly the fear that the Dec. 15 war-debt payment will have to be made, and partly the influence of the usual currency speculations from abroad. It is not certain what policy Britain will adopt if not granted a postponement, but outright default is least likely because it might have very disturbing effects on the international financial situation. But it is equally uncertain whether Britain has available here or abroad enough dollar exchange for the $92 million payment. If she has to accumulate it sterling will probably be much more sharply depressed, with proportionately depressing effects on the surplus raw products which we are trying to sell in world markets.





Stocks

Security markets have continued to drift dubiously in dull professional trading ever since the brief post-election rally. Price movements have been mostly narrow, with a slight downward tendency, reflecting the slow slipping away of the optimistic temper of the market, that prevailed at the end of October.

The post-election rise proved disappointing all round. The prompt injection of the war-debt issue into the situation put a cloud over the whole picture of fall business improvement upon which prospects for further advance in the stock market after election had depended.

That cloud has grown blacker as the pessimistic propensities of the speculative fraternity have increased, but for no other special reason. Default which would jar the market badly would be most unlikely; payment might dampen prospects of improvement in commodity prices, but it would seem impossible to depress them much more. In any case it seems certain that the debt dispute will be long-drawn-out, and the market will probably get tired of that alibi after a while. After that there will remain a long series of "uncertainties" centering in the short session of Congress, the sales tax, the beer bill and the balanced budget.

Between the alarums and excursions over these matters and such special episodes as the R.C.A. decision this week, the market ought to be able to maintain a semblance of activity both ways, and movements are likely to be ruled by political events rather than by any basic changes in the business situation or outlook. At the moment the most encouraging thing about the behavior of the market is its relative stability and the small volume of liquidation which it has developed in face of not particularly favorable news from day to day.

Bonds

The outstanding feature of the bond market in the past week has been the sudden appearance of special strength in government issues, bringing them in many cases to the highs for the year. There has been some bank and insurance company buying, and possibly some purchasing on foreign government account with an eye to the possibility of being forced to make the Dec. 15 debt payments, which may be made in U. S. securities. But in the main it is probable that the strength in these issues is a reflection of an increase in confidence in the federal fiscal outlook and expectation of prompt cooperative action of Administration and Congress in curtailing expenditures and finding some painless way of raising some more revenue.

The increased yields of the miscellaneous excise taxes in October and evidence that the budget is not getting more seriously out of balance than it was last year for the first four months of the fiscal period have undoubtedly helped support the morale of high-grade bond buyers. The speculative issues continue soft in sympathy with the sagging tendencies in stocks.

The new issue market continues unbelievably dull, but the dullness was briefly broken last week by a solitary industrial offering, the first in more moons than anybody can remember.

THE BUSINESS WEEK
The Journal of Business News and Interpretation

NOVEMBER 30, 1932

Praise Be

As this depression has proceeded, life in these states has begun to resume a faintly Puritan flavor, which lends a special fervor to this Thanksgiving. Everybody in his own way has nicely contrived to convert some of his necessities into virtues, squeezed a little self-satisfaction out of his sacrifices, and perhaps a little happiness out of his hardships. At least we hope so. No doubt there is still a vestigial trace of Puritan stock in most of us and this usually enables us to enjoy our miseries and increases our self-esteem when we do so successfully.

Personally we do not take much stock in the Puritan virtues—admirably suited as they undoubtedly were to the Plymouth Rock situation—in an economic system where the sole problem apparently is to find some way of consuming a a surplus of everything. It seems a bit silly for a whole nation to be enduring the hardships and practicing the penurious thrift of pioneers on the fringe of an unexploited continent because it has produced more than it can use of all the things it needs and wants.

This is not a dazzlingly novel thought; everyone has discovered and commented on the paradox of plenty, though no one has thought of anything to do about it; but it's a nice juicy subject to chew at Thanksgiving time if the turkey is dry or if there isn't any.

There is one aspect of this Puritan complex which we think it may be profitable for some of us American business men especially to ponder. We don't have to *pretend* that we have just landed on Plymouth Rock. We have. We don't need to play being pioneers with hair in our ears. We are. We left a distant and quite done-for land forever three years ago, set forth on a stormy and uncharted sea, landed on a strange, stern and rock-bound coast. We have discovered, or are about to discover, a new continent called the United States. It is unexplored, undeveloped, unexploited. It is covered with a wilderness of worn-out ideas, attitudes, methods, ideals. It is infested with commercial wild animals and peopled with industrial aborigines. We have as little conception of its size, its concealed resources, its potentialities of prosperity and progress today as our ancestors had three centuries ago when they first set foot on the shores of New England. It is the greatest mistake in the world for us to suppose that anything has been done with this country yet.

The Puritan fathers could show us of these days little in the way either of opportunities or of problems. As against the sufferings, the sacrifices, and disappointments that parts of this nation are experiencing today, the privations of the Massachusetts Bay Colony were prosperity itself. Their task of taming a wilderness of natural resources was large but simple compared with our problem of controlling the vast chaotic economic system of machinery, men, money and science that has spread itself over this continent. The mysteries and terrors of the shadowy woods in which they walked were childish fears in face of the doubts and despairs that haunt the dark forests of men's minds today, amid which we move and which we must mobilize for combined action if we will live. The persistent faith and thrift by which our Puritan forefathers established the basis of our existence in this land were easy as contrasted with the confidence, freedom, and liberality with which we are required today to use the resources at our command.

This is still the promised land, to most of our people still only a promise. The daring and determined minds of American business, many of them still unborn, are the pioneers to whom the opportunity to develop its potentialities is still open, and to whom the problem of putting them at the service of peace and plenty is still put.

Is not this something to be truly thankful for?

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